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TOWN OF WENHAM HOUSING PRODUCTION PLAN



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TOWN OF WENHAM
HOUSING PRODUCTION PLAN
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WENHAM HOUSING PRODUCTION PLAN

1. EXECUTIVE SUMMARY

1.1 Introduction

Wenham was one of the first settlements in the United States, settled in 1639 as part of the Town of Salem and incorporated in 1643. The town's name was taken from a parish in Suffolk County, England, from which the earliest settlers supposedly came.

Wenham is primarily a residential community approximately 22 miles north of Boston, bordered by the communities of Hamilton, Manchester, Beverly, Danvers and Topsfield. The community strives to maintain its historic character and prides itself on its distinct sense of place as a small town on the North Shore. The social focus of the town is centered on the small and historic Town Center, but Wenham has a wealth of physical distinctions that are still widely evident throughout town including open vistas, ancient burial grounds, scenic roads such as Cedar Street, Cherry Street, Larch Row and Walnut Road, and farming structures, all highly valued by its citizens and those willing to pay the high prices associated with a move to the community.

Population growth between 1990 and 2000 was 5.4%, comparable to the 6% growth rate of the Boston region. However, from 2000 to April 2007, the town added another 614 residents¹ – more than double that of the previous decade. It should also be noted that about one-quarter of Wenham's population includes the approximately 1,200 students at Gordon College.

Wenham had 1,320 housing units in 2000,² and recent growth has increased the housing stock to 1,372 units, almost 90% of which are owner-occupied houses on typically large lots with median price tags now about \$485,000. High housing costs – including taxes, utility bills and insurance – are compromising the ability of children who were raised in town to return to Wenham and raise their own families locally. The high costs are also making it difficult for those who work in town to live here and are putting significant financial pressures on some longer-term residents, particularly those on fixed incomes.

The market prices, while out of reach for many residents, are attracting attention from private developers interested in high-end housing development or Chapter 40B comprehensive permit projects. This interest is precipitating concern among Town leaders and residents that different strategies might be required to better plan for housing development and insure that it is more directed to serving local needs and priorities. According to Chapter 40B regulations, if a municipality has less than 10% of its year-round housing set-aside for low- and moderate-income residents, it is not meeting the regional and local need for affordable housing. Not meeting this affordability standard makes the town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.³

¹ More than half of this increase was due to an increase in student enrollment at Gordon College.

² While there are 1,320 total housing units cited in the 2000 census, there are 1,310 year-round housing units on which the 10% state Chapter 40B goal is based. This figure does not include group quarters such as dormitory rooms.

³ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Wenham had 1,310 year-round housing units of which 116 can be counted as affordable, representing 8.9% of the year-round housing stock. Wenham is close to reaching the 10% state affordable housing goal but still vulnerable to losing control over housing development through Chapter 40B comprehensive permit applications. To meet the 10% standard, at least 131 of the existing units would have to be "affordable" based on the state's definition, requiring another 15 housing units to be converted to affordability to meet just the 10% standard. Assuming future housing growth, this 10% figure is a moving target and ultimately the required minimum number of year-round units will increase over time. Additionally, as this Housing Needs Assessment indicates, there are needs that extend beyond what would be required to reach the 10% threshold, and the Town should also attempt to exert some control related to the appropriateness of new development.

This Housing Production Plan suggests a range of options to meet pressing local housing needs, as identified in the Housing Needs Assessment, and to enable Wenham to meet and exceed the state 10% affordable housing threshold, presenting a proactive housing agenda of Town-sponsored initiatives. The Plan will also meet the requirements of 760 CMR 56.03 (4) under the state's Housing Production Program that will allow the Town to deny unwelcome Chapter 40B comprehensive permit applications.

1.2 Housing Goals and Challenges

The Wenham Community Preservation Plan includes a number of community housing goals that were prepared by the Community Preservation Committee in conjunction with the Wenham Housing Authority and others. Proposals that are brought before the Community Preservation Committee for CPA funding may receive preference if they meet some or all of the following goals:

- Create new and preserve existing community housing that is well designed and maintained and is of high quality and based on sound planning principles.
- Disperse community housing throughout the Town by siting new community housing in neighborhoods that currently have little or no affordable housing.
- Provide and preserve community housing that promotes age and income diversity.
- Age-restricted housing is permitted if it is designed to allow seniors to "age in place". To the extent possible, universal design features should be incorporated into the construction of such housing.
- Ensure the long-term affordability of community housing, and in perpetuity wherever possible.
- Create new and preserve existing community housing that will contribute to the state's mandated target of having 10% of the Town's housing stock affordable to households with incomes at or below 80% of the area's median income.
- Provide community housing opportunities that give priority to local residents, Town employees and families of students enrolled in the Town's public schools.
- Reuse existing buildings or use previously developed or Town-owned sites for new community housing.
- Acquire and convert market rate housing into community housing.
- Promote development that meets smart growth principles.

While housing goals articulate a commitment to producing affordable housing in Wenham, obstacles to new development exist that will challenge new initiatives including:

- *Infrastructure*
A major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer services throughout town that raises concerns about the impacts of any new development on water supply and quality.
- *Zoning*
Like most localities in the Commonwealth, Wenham's Zoning Bylaw embraces large-lot zoning that maintains low housing densities and severely constrains the construction of affordable housing. Wenham has one residential district with a minimum lot size of 40,000 square feet. Only single-family, detached homes are permitted with the exception of multi-family units in the Elderly Housing Districts, accessory apartments under specific criteria, and some attached single-family homes in clusters if one of the units is affordable. While this zoning was put in place to slow development, preserve the town's small semi-rural character and accommodate septic systems in compliance with Title V requirements, the zoning maintains low housing densities, constrains the construction of affordable housing and promotes sprawl that unless checked may ultimately degrade the community's historic charm, scenic resources, wildlife habitats, and air quality.
- *Environmental Concerns*
Wenham's wetlands, rivers, lake, water resources and open spaces give the town a sense of character. Most residents are aware of the town's natural treasures and are rightly concerned about conserving them. Since the town does not have sewer services and property owners are reliant on septic systems, controlling construction has also been a major concern. While regulations to protect the environment (e.g., wetlands, aquifers, septic systems) are important and essential, they present challenges to development and increase the time and costs of creating new housing.
- *Transportation*
To accommodate new development, state build-out projections anticipate that another 19 miles of roadway will be created. In view of present traffic and projected increases, it is essential that the Town evaluates and selects appropriate measures to relieve the impact of growth on traffic yet still grow incrementally, a formidable challenge. While the town is flanked by commuter rail stations in Hamilton and North Beverly, three-quarters of commuters drive to work alone and about the same number own at least two cars. Any new housing development will have to assess the impacts on transportation, acknowledging the availability of public transportation within the context that the vast majority of residents rely heavily on their cars.
- *School Enrollment*
Build-out projections indicate that the school-age population should increase by another 474 children, however projections of the student population prepared by the Metropolitan Area Planning Council (MAPC) in January 2006, suggest that by 2030 the student population will have declined from 1,474 students in 2000 to an estimated 1,386. Enrollment projections also indicate a small but steady decline in school enrollments through 2012. It is likely that school capacity issues will not be a problem in at least the near future.
- *Availability of Subsidy Funds*
Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources. Wenham is fortunate to have passed the Community Preservation Act that provides an important local resource for

affordable housing in about 130 other communities across the state, but it will have to leverage additional public and private financing to make affordable development feasible.

- *Community Perceptions*

Affordable housing, subsidized housing, low-income housing, projects, Section 8, etc. – these terms can conjure images of potential neglect, plunging property values, increased crime, and even tensions concerning class and race. On the other hand, with such high real estate prices, community perceptions are beginning to tilt towards the realization that affordable housing is needed in the community. More people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. It is this growing awareness, impending 40B developments, and some appreciation that affordable housing can be well designed and integrated into the community, which are spurring communities such as Wenham to take a more proactive stance in support of affordable housing initiatives. Also, once residents understand that the Town will be able to reserve at least 70% of the affordable units in any new development for those who have a connection to Wenham, referred to as “community preference”, greater local support is typically more forthcoming.⁴

1.3 Summary of Housing Needs Assessment

The Housing Needs Assessment presents an overview of the current housing situation in the town of Wenham, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals. Table 1-1 summarizes key demographic and housing characteristics in Wenham and compares this information to that of Essex County and the state. This information shows some sizable differences and similarities from other communities in the region and the state such as:

- *Population Growth*

The 2000 census data indicated that the town of Wenham had a total population of 4,440, only a 5.4% increase over the 1990 population of 4,212 and about a 14% increase since 1980 when the population was 3,897. These figures represent fairly comparable growth to the 6% growth rate experienced in the overall Boston region and the state from 1990 to 2000⁵. As of April 2007, the population increased by another 614 residents to 5,054 –double the increases of the two previous decades. It should be noted, however, that some of this growth was due to increasing student enrollment at Gordon College, specifically an increase of 264 students.

- *Level of Homeownership*

Of the 1,320 total housing units in 2000, Wenham had 1,285 occupied units, of which 1,098 or 86.4% were owner-occupied while the remaining 187 units or 14.6%, were rental units. These figures represent a considerably higher level of owner-occupancy than that for Essex County as a whole with 63.5% and for the Boston region at 57%.

⁴ Wenham has defined community preference as residents, children and parents of residents, employees of the Town of Wenham and any of its departments or authorities, and employees of any business located within Town boundaries.

⁵ The Boston region is defined here as the area stretching west from Boston to include most of the communities inside the I-495 corridor, consisting of 22 cities and 79 towns, as part of the Metropolitan Area Planning Council’s (MAPC) planning area that includes the town of Wenham.

Table 1-1
Summary of Key Demographic and Housing Characteristics for
Wenham, Essex County and the State
2000⁶

Characteristics	Wenham	Essex County	Massachusetts
Household Characteristics			
Total population	4,440/5,054*	723,419	6,349,097
% less than 20 years	33.2%	27.5%	26.4%
% 20 to 34 years	18.4%	18.2%	21.0%
% 35 to 44 years	13.8%	17.3%	16.7%
% 45 to 54 years	13.1%	14.4%	13.8%
% 55 to 64 years	7.4%	8.7%	8.6%
% 65 years or more	14.1%	13.9%	13.5%
Median age	33.6 years	37.5 years	36.5 years
% non-family households	25.5%	32.8%	36%
Average household Size	2.70 persons	2.57 persons	2.51 persons
Median income/ Adjusted income**	\$90,524/\$113,879	\$51,576	\$50,502
Individuals in poverty	3.3%	8.9%	9%
% earning less than \$25,000	18.2%	24.1%	24.6%
% earning more than \$100,000	43.7%	19.0%	17.7%
Housing Characteristics			
% occupied housing	97.3%	95.9%	93.2%
% owner-occupied	86.4%	63.5%	61.7%
% renter-occupied	14.6%	36.5%	38.3%
% seasonal or occasional use	0.8%	1.5%	3.6%
% in group quarters/ dormitories	21.9%/24.4% as of April 2007	1.1%	2.1%
% in single-family, detached structures	78.8%	52.1%	52.4%
Median sales price	\$362,500/\$518,000	\$220,000	\$185,700

Source: U.S. Census Bureau, 2000

* Town's population as of April 2007 from Town Clerk's office (1,235 of these residents are students at Gordon College).

** Income adjusted by percentage change in HUD area median income levels from 2000 to 2007 by 25.8%.

** The Warren Group data for January through April 2007 for all sales.

- *College Population*

Gordon College represents a significant component of Wenham's population, growing from 700 students in 1980 to 971 students in 2000 and up to 1,235 students or about one-quarter of the population as of April 2007.

⁶ Updated data is provided where available, but for many demographic and housing characteristics, the 2000 census is the only source available.

- *Age of Population*
In comparison to Essex County and the state in general, Wenham's population tends to on be average younger with a median age of 33.6 years as opposed to 37.5 years for the county and 36.5 years for the state. However, Wenham had a comparable age distribution to Essex County and the state for the most part. There have been modest increases in the school-age population since 1980 and seniors are a growing segment of the population. On the other hand, those age 25 to 34 declined by 37% since 1980, most likely affected by the escalating costs of homeownership and making it increasingly more likely that those who grew up in Wenham will be less able to raise their own families locally.
- *Types of Households*
Wenham also had a relatively smaller proportion of non-family households, 25.5% versus 32.8% for the county, while the state level was at 36%. This correlates to higher levels of children as well as the median household size of 2.7 persons as opposed to 2.57 persons in Essex County and 2.51 persons statewide. Nevertheless, the proportion of non-family households is growing in Wenham, up from 18.1% of all households in 1980.
- *Higher Incomes*
Median income levels per the 2000 census were dramatically higher in Wenham, \$90,524 as opposed to \$51,576 and \$50,500 for the county and state, respectively. Also, Wenham had a lower proportion of residents living in poverty, 3.3%, versus about 9.0% for both the county and state. There were also higher proportions of Wenham residents earning more than \$100,000, 43.7% as opposed to 19% for the county and 17.7% for the state. Conversely there were fewer households earning less than \$25,000, 18.2% in Wenham versus had 24.1% for the county and 24.6% for the state.
- *Housing Market Conditions*
The 2000 median housing prices provides a comparison of the Wenham housing market to that of Essex County and the state, demonstrating higher market values -- \$276,000 for Wenham, \$179,200 for the county and \$185,700 for the state. Since that time housing prices have climbed precipitously as the median house value as of October 2007 was \$485,500. To afford this price a household would have to earn about \$147,000, significantly higher than adjusted median income levels of almost \$114,000. High housing prices are also reflected in increased property taxes, which in combination with rising energy bills and insurance costs, cause a serious financial strain on long-term residents, particularly those with fixed incomes.
- *Supply of Workforce Housing*
Based on recent sales data from the Multiple Listing Service for single-family homes, there are virtually no longer homes available in Wenham for under \$300,000, and even homes for less than \$400,000 are becoming scarce.

Based on this Housing Needs Assessment, there are a number of key indicators that suggest there are significant local needs for affordable housing that go beyond what is required to meet the 10% state goal including:

1. ***Households with Limited Incomes*** – Despite increasing household wealth, there still remains a population living in Wenham with very limited financial means. For example, in 2000 there were 233 households earning less than \$25,000 in income, and of these 115 individuals had earnings below the poverty level. While income has increased since then, housing costs have increased at a higher rate, most likely causing more serious financial strains on lower income families and individuals.
Need: *Given the high costs of housing, more subsidized rental housing is necessary to make living in Wenham affordable, particularly for those who have very limited financial means.*
Goal: **About half of all new affordable units created should be rentals.**

2. **Gaps in Affordability and Access to Affordable Housing** – Median housing values are now about \$500,000, and homes for less than \$200,000 are no longer available in the private housing market that would be affordable to low- and moderate-income households. In fact, few if any homes come on the market for less than \$300,000. There is a gap of more than \$110,000 between the median priced home and what a median income household living in Wenham could afford.
Need: Wider range of affordable housing options including first-time homeownership opportunities, particularly for first-time homebuyers as well as seniors looking to downsize from their existing single-family homes should be offered.
Goal: About half of all new affordable units created should be directed to homeownership, either small starter homes or affordable condominiums.

3. **Disabilities and Special Needs** – There were 541 individuals who claimed some type of disability in 2000, and the town’s population of seniors is growing.
Need: Some amount of new housing should be built adaptable or accessible to the disabled, and seniors need housing with supportive services.
Goal: 10% of all new affordable units created should be made handicapped accessible and some should include on-site support services.

4. **Housing Conditions** – Almost two-thirds of Wenham’s housing stock was built before 1970, and it is likely that some units have building and sanitary code violations, lead paint and septic system problems. Also, the Town does not have sewer services so residents must rely on septic systems, some of which may be failing.
Need: Programs to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly the elderly living on fixed incomes.
Goal: Continue to help qualifying households access assistance to make necessary home improvements.

1.4 Summary of Development Challenges

Undertaking a more proactive housing agenda to promote affordable housing will be a significant challenge in Wenham. First, the town’s resources for absorbing growth are limited given significant physical constraints. For example, Wenham has no sewer services, making denser development more costly and difficult. This raises concerns among residents about water supply and water quality impacts of any new development

Second, local zoning provides substantial obstacles to affordable housing development, and current regulations would have to be reformed or in many cases overridden through “friendly” comprehensive permits to overcome these barriers. Zoning for accelerated growth raises local questions concerning capacity and changing the very nature of the community with its small town distinctions. It should be mentioned that the Town has hired a consultant to revamp its Zoning Bylaw that will also include some provisions to better promote smart growth development and affordable housing.

Third, the Town needs to establish the means of building its capacity to promote more affordable development by aggressively reaching out for necessary technical and financial resources, establishing some local apparatus for overseeing the implementation of this Plan, and building the political support needed to get the job done. It must also strive to effectively manage the Town’s limited assets as a whole, and direct growth most effectively for the overall environmental and social health of the community. Wenham is fortunate to have Community Preservation funding to support affordable housing, but because the Town has few commercial and industrial uses, it relies predominantly on property taxes raised through its residential base.

This Housing Production Plan suggests a range of options for addressing these challenges, meeting pressing local housing needs and bringing Wenham closer to the state’s 10% affordable housing goal, presenting a proactive

housing agenda of Town-sponsored initiatives based on documented local needs. Due to the rising costs of homeownership, including escalating costs associated with taxes, insurance and utilities, some residents are finding it increasingly difficult to afford to remain in Wenham. Children who grew up in the town are now facing the possibility that they may not be able to return to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with increased expenses, but are unable to find alternative housing that better meets their current life styles. Families are finding it more difficult to “buy up,” purchasing larger homes as their families grow. Town employees are increasingly hard pressed to find housing that is affordable in Wenham and are confronted with longer commutes as the increasing affluence of the area squeezes them out of the housing market. Clearly more housing options are required to meet local needs.

1.5 Summary of Production Goals

The state administers the Housing Production Program that enables cities and towns to adopt a Housing Production Plan that demonstrates production of .50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.⁷ Wenham would have to produce at least seven (7) affordable units annually to meet these production goals through 2010. When the 2010 census figures become available in 2011, this number will be somewhat higher based on housing growth. If the state certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers.

Using the strategies summarized in Section VII, the Town of Wenham has developed a Housing Production Program to project affordable housing production over a five-year period, however, there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- To the greatest extent possible, at least 50% of the units that are developed on publicly owned parcels should be affordable to households earning at or below 80% of area median income and at least another 10% affordable to those earning up to 120% of area median income, depending on project feasibility. The rental projects will also target some households earning at or below 50% or 60% of area median income depending upon subsidy program requirements.
- Projections are typically based on a minimum of four (4) units per acre. However, given specific site conditions and financial feasibility it may be appropriate to increase or decrease density as long as projects are in compliance with state Title V and wetlands regulations.
- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or “friendly” comprehensive permit process. The Town plans to promote increased affordability in these projects when possible.
- The projections involve a mix of rental and ownership opportunities. The Town will work with developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents.

Production goals over the next five years include the creation of 57 affordable units (targeted to those earning at or below 80% of area median income) and 5 workforce units unit (targeted to those earning

⁷ The state has only recently adopted changes to Chapter 40B, including proposed modifications to production requirements, what had previously been referred to as Planned Production. For example, the annual production goals are now based on one-half of one percent of total housing units as opposed to three-quarters of one percent in the past.

between 80% and 120% of area median who are still priced out of the private housing market), with 100 total projected number of housing units created.

1.6 Summary of Housing Strategies

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, housing goals (see Section I.B above) and the experience of other comparable localities in the region and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Planning and Regulatory Reforms, Housing Production, and Housing Preservation – and categorized by Priority 1 and Priority 2 actions. Priority 1 actions are those that will begin within the next two years, most of which will involve some immediate action. Those strategies included under the Priority 2 category involve focused attention after the next couple of years, working towards implementation after Year 2 but before Year 5. A summary of these actions is included in Appendix 1.

It should be noted however, that a major goal of this Plan is not only to strive to meet the state's 10% goal under Chapter 40B, but to also to serve local needs and there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples include the promotion of accessory apartments or workforce housing for those earning between 80% and 120% of area median income).

Within the context of these compliance issues, local needs, existing resources, affordability requirements and the goals listed in Section II of this Plan, the following housing strategies are offered for consideration. ***It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.*** Moreover, all of the proposed actions present opportunities to judiciously invest limited Community Preservation funding to build local capacity, modify or create new local zoning provisions and development policies, subsidize actual unit production (predevelopment funding and/or subsidies to fill the gap between total development costs and the affordable rent or purchase prices) and leverage additional resources, and help preserve the existing affordable housing stock.

Capacity Building Strategies

In order to be able to carry out the strategies included in this Housing Plan and meet production goals, it will be important for the Town of Wenham to build its capacity to promote affordable housing activities. This capacity includes gaining access to greater resources – financial and technical – as well as building local political support, continuing to develop partnerships with public and private developers and lenders, and creating and augmenting local organizations and systems that will support new housing production.

- ***Conduct ongoing educational campaign***
Continue to engage the community in discussions on affordable housing to present information on the issue needed to dispel myths and negative stereotypes and to help galvanize local support, political and financial, for new production.
- ***Consider Creating a Municipal Affordable Housing Trust***
Consider establishing a Municipal Affordable Housing Trust to create a Housing Trust Fund dedicated to promoting affordable housing and as a permanent municipal entity for overseeing the implementation of the Housing Production Plan.

Consider Securing Professional Support

Hire the necessary professional support to provide ongoing staff-support to effectively coordinate implementation of various components of the Housing Production Plan.

- *Establish partnerships to access housing resources*
Reach out to private, public and nonprofit entities to secure additional housing resources – technical and financial – in support of efforts to produce affordable housing.
- *Create an inventory of properties potentially suitable for affordable housing*
In concert with other Town boards and committees, review the inventory of publicly-owned properties and determine which parcels might be appropriate for some amount of affordable housing development.
- *Encourage training for board and committee members*
Promote opportunities for Town board and committee members to take advantage of ongoing training and educational programs related to affordable housing.
- *Apply for Commonwealth Capital Scoring*
Submit the application for Commonwealth Capital scoring that is used by the state to allocate a wide range of discretionary funding related to the environment, transportation, infrastructure, economic development, and housing. Municipalities are scored in large part related to the progress they have made towards promoting smart growth development.

Planning and Regulatory Strategies

The Town of Wenham has hired a consultant to update its Zoning Bylaw that will include provisions to better promote smart growth and affordable housing. This work as well as options for future consideration should include:

- *Adopt inclusionary zoning*
Adopt inclusionary zoning to ensure that any new residential development in Wenham provides a percentage of affordable units or cash in lieu of units.
- *Encourage more flexible cluster zoning*
Amend Wenham’s Zoning Bylaw to incorporate more viable density bonuses as incentives for producing affordable units in new developments and promote cluster zoning as a “smarter” way for developing new sites to better protect the environment and the rural character of Wenham while offering a broader range of housing options that can promote affordability.
- *Adopt Affordable Housing Guidelines*
Prepare and approve Affordable Housing Guidelines to provide guidance to developers on the types of housing proposals that will be acceptable to the community.
- *Allow starter housing on noncomplying lots*
Explore zoning options for promoting starter homes on lots that do not meet minimum area or dimensional requirements but might still be suitable for the development of starter housing and prepare and adopt a zoning bylaw to enable these lots to be developed under specific criteria.
- *Modify the accessory apartment bylaw*
Revisit the Zoning Bylaw and to make the creation of accessory apartments easier. Accessory apartments are unlikely to be counted as part of the Subsidized Housing Inventory given existing requirements, but still add needed diversity to the existing housing stock.

- *Explore use of 40R/40S*
Explore the adoption of 40R and 40S to promote smart growth and mixed-use, mixed-income development in suitable locations, securing important state subsidies to help make projects financially feasible and cover financial burdens related to additional school costs.

Housing Production Strategies

To accomplish the actions included in this Housing Production Plan and meet production goals, it will be essential for the Town of Wenham to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources to create actual affordable units. While some of the units produced may rely on the participation of existing homeowners, most of the production will require joint ventures with developers – for profit and non-profit – and local agencies and institutions to create affordable housing.

- *Make publicly-owned property available for affordable housing*
Convey suitable publicly-owned properties to developers for some amount of affordable housing based on identified local terms and conditions.
- *Support private development in line with local guidelines*
Reach out to area developers who have been active in producing affordable housing to discuss the Town’s interest in promoting these units, possible areas and opportunities for new development, local guidelines and priorities for new development and the prospects for working together in the future. This will be particularly useful after the Town has produced Affordable Housing Guidelines and has passed key zoning changes. Discussions with local agencies and institutions, including Gordon College, may also result in the mutual pursuit of affordable housing opportunities.
- *Convert existing housing to long-term affordability*
Explore various program models for converting existing housing to units that have long-term affordability restrictions and prepare an implementation plan that outlines program procedures and the respective roles and responsibilities of various municipal staff persons and boards and committees to implement. CPA funds as well as HOME Program funding from the North Shore HOME Consortium might be allocated to the program to provide the necessary subsidies.

Housing Preservation

Housing production is critical, but the Town also should refer eligible homeowners to existing programs that can address the deferred home maintenance needs of lower income residents, including seniors.

- *Help qualifying homeowners access housing assistance*
Disseminate information and make referrals to local, regional and state programs that provide technical and financial assistance to help qualifying property owners make necessary home improvements including building code violations, septic repairs, handicapped accessibility improvements and lead paint removal.

2. INTRODUCTION

Wenham is an historic, semi-rural community located approximately 22 miles north of Boston that has grown from a small farming community to an upscale residential town only a quick commute from Boston. The town is bordered by Beverly on the south, Danvers and Topsfield on the west, Hamilton on the north, and Manchester on the east.

Originally the land belonged to the Agawam tribe from whom the land was purchased for only a nominal amount. The earliest settlements appeared in 1639 by Wenham Lake, when the village was referred to as “Enon”. A few years later, in 1643, the Town was formerly set-off from the Town of Salem, and officially referred to as Wenham, the name derived from a parish in Suffolk County, England where many of the earliest settlers once lived.

Residents pride themselves on the town’s historic heritage and celebrate historic points of interests including 118 properties in the Massachusetts Historical Commission’s Inventory of Historic and Archaeological Assets, ten properties in the National Register of Historic Places and an historic district that extends along Main Street (Route 1A). Additionally, the Town has established a well-respected school system including the Hamilton-Wenham Regional High School where as many as 90 of students go on to higher education. The town is also home to Gordon College that has approximately 1,200 students, representing almost one-quarter of Wenham’s population. The combination of these distinctions as well as the historical and physical amenities of open vistas, canopied roads, old stone walls and farming structures that are still widely evident throughout town, remain highly valued by residents and provide a draw to those who can afford the increasingly escalating costs associated with living in Wenham.

Wenham Square

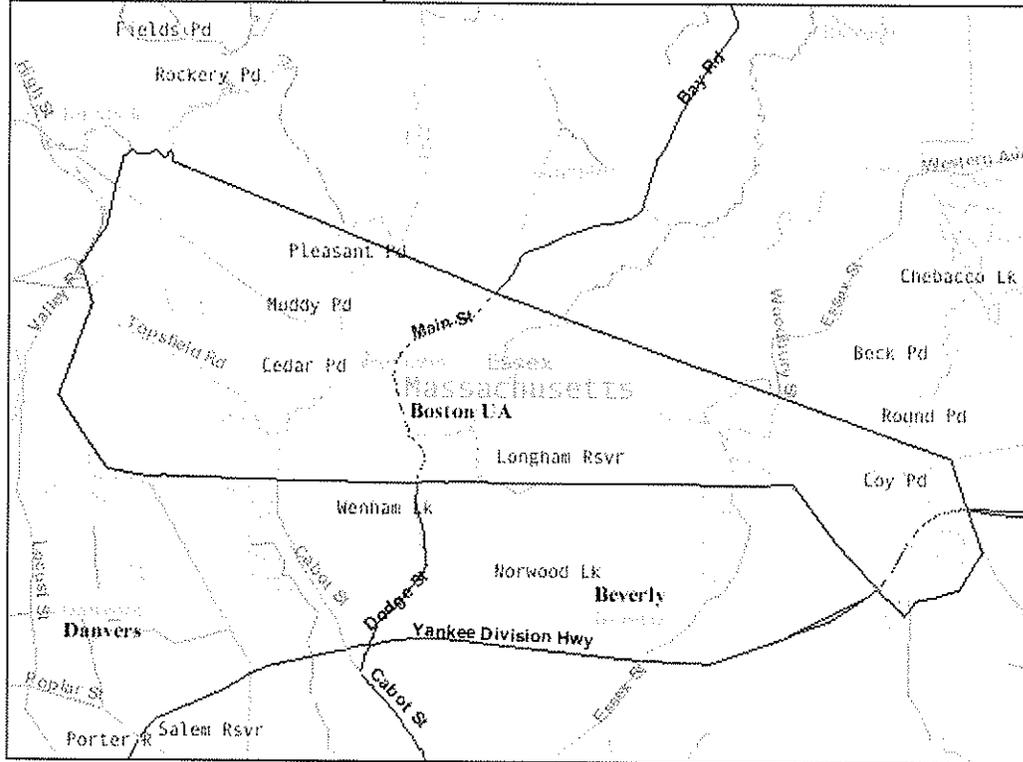


The first meetinghouse was built in the mid-17th century, and was centrally located to encourage settlement in the middle of town. Municipal functions continue to operate in this same center, although there is no place in Wenham with any significant amount of commercial uses and density. Since the witch trials in the late 17th century to the present, there has been a rich social and economic diversity in the community including farmers,

wealthy landowners, business people as well as workers. While some farms remain in town, New England farming went into a decline after World War II and manufacturing jobs have also left the area. During the last couple of decades, the last one in particular, property values have risen precipitously. Without some intervention, Wenham is poised to losing the diversity that has characterized the community for so long.

Figure 2-1

Wenham town, Essex County, Massachusetts



7 miles across

Close

Population growth has fluctuated somewhat during the past several decades from a low of 1.2% growth between 1960 and 1970, up to 8.1% between 1970 and 1980, and then down to 5.4% from 1990 to 2000. Since 2000, the population has taken another jump, increasing by 614 residents through April 2007, and representing a 13.8% growth in population as noted in Table 2-1.

**Table 2-1
Population Growth 1970-4/2007**

Year	Population	Increase in # Residents	Percentage Increase
1970	3,849	--	--
1980	3,897	48	1.2%
1990	4,212	315	8.1%
2000	4,440	228	5.4%
4/2007	5,054	614	13.8%

Source: U.S. Census Bureau and Town of Wenham.

It has been largely the combination of Wenham's charming historic character and great access to Boston that has put significant pressures on the housing market and local services. Wenham had 1,320 housing units as of the 2000 census,⁸ and new development has added another 52 units to the housing stock for a total of 1,372 as of April 2007. Almost 90% of Wenham's dwellings are owner-occupied, single-family houses and most are built on relatively large lots with average price tags of \$485,500. The escalating housing prices in the current market are attracting greater attention from private developers interested in Chapter 40B development and causing Town leaders and residents to recognize that different strategies might be required to better plan for housing development and insure that it is more directed to serving local needs and priorities. Channeling development to areas where construction could benefit the town, using housing development as a way to rehab and preserve historic buildings, clustering development to preserve open space, and creating incentives for affordability are some of the strategies that the Town has been pursuing and key to planning Wenham's future.

Due largely to an imbalance between supply and demand for housing throughout the Boston region, housing prices have escalated to unprecedented levels in most communities in proximity to Boston within the last several years and in fact throughout the Commonwealth. Those more desirable locations, including small historic communities with well-regarded school systems such as Wenham, have experienced some of the highest surges in real estate values. There has been a significant drop-off in sales prices recently, reflective of a more sluggish real estate market throughout the Boston region and extending to many parts of the country.

Despite a market slow-down, median house sales still hover close to \$500,000 and there are virtually few if any habitable year-round homes on the market for less than \$300,000. Consequently, it remains difficult for buyers to find housing that they can afford, particularly if they have not owned a home in the past. This situation presents a real problem for young families who are attempting to purchase their first home or for Town employees seeking to live in Wenham closer to work. The recent trend towards larger homes also makes it difficult for empty nesters to downsize to smaller homes with reduced maintenance needs.

It becomes increasingly important for the Town to better direct new development by ensuring there is a sufficient supply of affordable housing, a wider range of housing types, and incentives to building new housing in "smart" locations. This Housing Needs Assessment is an important component of a Community Housing Master Plan that will help guide the Town as it pursues these challenges.

2.1 Purpose

This Housing Needs Assessment represents a critical step forward in better understanding housing issues in Wenham by documenting the range of local needs and existing resources, remaining gaps in housing services and programs, as well as current obstacles to development. This information, in addition to substantial opportunities for community input and existing community housing goals (see Section 2.2 below), will ultimately provide the context for the Town to become more proactive in promoting community housing and provide the foundation for establishing a comprehensive Community Housing Master Plan. The Plan can serve as a blueprint for how the Town will produce affordable units over the next few years. This Plan will incorporate production goals, per the requirements of the state's Planned Production Program, to offer the Town more control over housing development and a better sense for strategically investing its limited Town resources, including Community Preservation Funds.

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Planned Production Program in accordance with regulations that enable cities and towns to prepare and adopt an affordable housing plan that demonstrates production of an increase of .75% over one year or 1.5% over two-

⁸ While there were 1,320 total housing units cited in the 2000 census, there were 1,310 year-round housing units on which the 10% state Chapter 40B goal is based until the next census is issued.

years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.⁹ Wenham will have to produce at least 10 affordable units annually to meet these production goals through 2010. When the 2010 census figures become available in 2011, this number will be somewhat higher, most likely closer to 11 or 12 units. If DHCD certifies that the locality has complied with its annual production goals, the Town may, through its Zoning Board of Appeals, deny comprehensive unacceptable permit applications without opportunity for appeal by developers.

The Wenham Affordable Housing Committee is overseeing the preparation of this Housing Needs Assessment and in addition to regular meetings with the Consultant, Karen Sunnarborg Consulting, sponsored a public forum on February 12, 2008 to present the findings of the Needs Assessment and to obtain feedback from residents and the Board of Selectmen. Another public forum will be held to present the draft Affordable Housing Plan for community input prior to review by the Board of Selectmen and submission to the state.

2.2 Housing Goals

As noted in the Executive Summary, the Wenham Community Preservation Plan includes a number of community housing goals that were prepared by the Community Preservation Committee in conjunction with the Wenham Housing Authority and others. Proposals that are brought before the Community Preservation Committee for CPA funding may receive preference if they meet some or all of the following goals.

- Create new and preserve existing community housing that is well designed and maintained and is of high quality and based on sound planning principles.
- Disperse community housing throughout the Town by siting new community housing in neighborhoods that currently have little or no affordable housing.
- Provide and preserve community housing that promotes age and income diversity.
- Age-restricted housing is permitted if it is designed to allow seniors to “age in place”. To the extent possible, universal design features should be incorporated into the construction of such housing.
- Ensure the long-term affordability of community housing, and in perpetuity wherever possible.
- Create new and preserve existing community housing that will contribute to the state’s mandated target of having 10% of the Town’s housing stock affordable to households with incomes at or below 80% of the area’s median income.
- Provide community housing opportunities that give priority to local residents, Town employees and families of students enrolled in the Town’s public schools.
- Reuse existing buildings or use previously developed or Town-owned sites for new community housing.
- Acquire and convert market rate housing into community housing.
- Promote development that meets smart growth principles.

These housing goals will guide the development of housing strategies to be developed as part of the second phase of the planning process, the Community Housing Master Plan.

2.3 Definition of Affordable Housing

There are a number of definitions of affordable housing, as federal and state programs offer various criteria. For example, the federal government identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household’s net or adjusted income (with a small deduction per dependent,

⁹ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i). The state is proposing changes to Chapter 40B, including modifications to Planned Production such as reducing annual production goals to one-half of one percent of the total housing stock.

for child care, extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, property taxes and insurance) is not more than 30% of gross income. If households are paying more than these thresholds, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe housing affordability problems.

Affordable housing is also defined according to percentages of median income for the area, and most housing subsidy programs are targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to those earning at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development (\$23,200 for a family of three for the Boston area)¹⁰ and very low-income is defined as households earning less than 50% of area median income (\$38,600 for a family of three). Low-income generally refers to the range between 51% and 80% of area median income (\$59,550 for a family of three at the 80% level), and moderate-income from 81% to 100%, and sometimes 120% of median income. These income levels are summarized in the table below:

**Table 2-2
2008 TARGETED INCOME LEVELS FOR
AFFORDABLE HOUSING IN THE BOSTON AREA**

# Persons in Household	30% of Median Income	50% of Median Income	80% of Median Income
1	\$18,050	\$30,050	\$46,300
2	20,600	34,300	52,950
3	23,200	38,600	59,550
4	25,750	42,900	66,150
5	27,800	46,350	71,450
6	29,850	49,750	76,750
7	31,950	53,200	82,050
8+	34,000	56,650	87,350

2008 Median Household Income for the Boston PMSA = \$85,800

In counting a community’s progress toward the 10% threshold, the state counts a housing unit as affordable if it is subsidized by state or federal programs that support low- and moderate-income households at or below 80% of area median income under Chapter 774 of the Acts of 1969, which established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B). Additionally, most state-supported housing assistance programs are targeted to households earning at or below 80% of area median income, as well as some at lower income thresholds.

In general, programs that subsidize rental units are targeted to households earning within 50% or 60% of median income, and first-time homebuyer programs typically apply income limits of up to 80% of area median income. The Community Preservation Act allows Community Preservation funding to be directed to those within a somewhat higher income range – 100% of area median income – now commonly referred to as “community housing”. Additionally, some housing developments incorporate several income tiers. For example, one project could combine units for those earning at or below 80% of area median income, moderate-income “workforce” units for those earning between 80% and 120% of median income, and even some market rate units to help cross-subsidize the more affordable ones. A rental project might include a couple of tiers below the 80% level in addition to workforce and/or market rate units.

¹⁰ The average household size is 2.7 persons in Wenham based on the 2000 census, the latest source for this information.

As noted previously, based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Wenham had 1,310 year-round housing units of which 116 can be counted in the Subsidized Housing Inventory, representing 8.9% of the year-round housing stock. The Chapter 40B definition of affordable housing is as follows:

Figure 2-2

CHAPTER 40B: WHAT IS AFFORDABLE HOUSING?

1. Must be part of a "subsidized" development built by a public agency, non-profit, or limited dividend corporation.
2. At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels. Restrictions must run in perpetuity unless there is real justification to have a shorter term that is acceptable to DHCD.
3. Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
4. Project sponsors must meet affirmative marketing requirements.

As mentioned earlier, to meet the 10% standard, at least 131 of the existing units would have to be "affordable" based on the state's definition, requiring only another 15 more housing units to be built or converted to affordable units in Wenham to meet just the 10% standard based on the existing housing stock. Assuming future housing growth, this 10% figure will change and ultimately the required minimum number of year-round units will increase over time. Moreover, given the high costs of housing in Wenham, limited diversity of the housing stock, and existence of residents with limited financial means or other special needs, more affordably priced housing options are needed in Wenham beyond the 10% state threshold.

3. HOUSING NEEDS ASSESSMENT

This Housing Needs Assessment presents an overview of the current housing situation in the town of Wenham, providing the context within which a responsive set of strategies can be developed to address housing needs and meet production goals.

3.1 Demographic Characteristics

3.1.1 Population

Since 1980 Wenham's growth rate has fluctuated but has experienced a recent surge in population. The 2000 census data indicated that the town of Wenham had a total population of 4,440, a 5.4% increase over the 1990 population of 4,212 and a 13.9% increase since 1980 when the population was 3,897. These figures represent fairly comparable growth to the 6% growth rate experienced in the overall Boston region from 1990 to 2000¹¹. Since 2000, the town has welcomed another 614 residents, bringing the population total to 5,054 as of the end of April 2007, representing about the same level of growth in little more than six years than what was experienced in the two decades from 1980 to 2000. About one-quarter of the town's population has included the student body of Gordon College, now with an enrollment of approximately 1,200 students.

**Table 3-1
Wenham, Demographic Characteristics
1980-2000**

	1980		1990		2000	
	#	%	#	%	#	%
Total Population	3,897	100.0	4,212	100.0	4,440/5,054 as of 4/2007	100.0
Minority Population*	23	0.6	81	1.9	96	2.2
Total Number Households	1,112	100.0	1,168	100.0	1,285	100.0
Family Households**	911	81.9	906	77.6	957	74.5
Female Heads of Households with children**	25	2.2	31	2.6	39	3.0
Non-family Households**	201	18.1	262	22.4	328	25.5
Persons in Group Quarters (college students)	700	18.0	1,020	26.2	971/1,235 in 2007	21.9/24.4
Average Household Size	Not Available		2.73 persons		2.70 persons	

Source of above table: 1980, 1990 and 2000 U.S. Census Bureau

*All non-White classifications

** Percent of all households

¹¹ The Boston region is defined here as the area stretching west from Boston to include most of the communities inside the I-495 corridor, consisting of 22 cities and 79 towns, as part of the Metropolitan Area Planning Council's (MAPC) planning area that includes the town of Wenham.

3.1.2 Race

The population has remained predominately White although *the growth in minority households has been steady over the past two decades*. For example, in 2000 the census counted 96 persons or 2.2% of the population as minorities, up from 81 persons in 1990 and 23 persons in 1980. Almost 20% of the 2000 minority population identified themselves Black or African American, about 25% as Hispanic and the remaining minority residents as Asian.

3.1.3 Types of Households

Wenham is experiencing a growth of smaller, nontraditional households. There were 1,285 households¹² living in Wenham in 2000, up 13.5% from 1,112 households in 1980. Throughout the twentieth century, the average size of the American household has decreased, and the size of Wenham households has followed this trend from an average size household of 2.73 persons in 1990 to 2.70 persons in 2000. Higher divorce rates, families with fewer children, and an increase in single person households have contributed to this trend. The decrease in household size is also consistent with Wenham's gradual increase in non-family households from the 1980's to the present.

Non-family households have increased by 63% since 1980, becoming a more significant part of Wenham and representing more than one-quarter of all households and reflecting regional and national trends to smaller and more nontraditional households. These non-family households, comprised of single or non-related persons, excluding single parents or grandparents with children, increased by 127 households from 1980 to 2000, up from 18.1% of all households in 1980 to 25.5% in 2000. While family households increased by 46, they decreased as a proportion of all households from 1980 to 2000, from 81.9% to 74.5%. The number of female-headed households with children increased somewhat from 25 households in 1980 to 39 in 2000.

The tendency towards smaller families may affect the type of housing units that are in demand. As family sizes decrease there is typically a greater need for smaller homes as well as increased demand for apartments or condominiums. When other options are not available, unrelated individuals may be forced to live with relatives or leave the community entirely.

3.1.4 Age Distribution

Demographic trends indicate only modest increases in school-age children, fewer younger adults and more seniors. The school-age population of those less than 18 years of age has increased somewhat from 823 children in 1980 to 976 in 2000, growing as a proportion of all residents from 21.1% in 1980 to 22% in 2000. Updated enrollment projections suggest, however, slight declines in the school-age population (see Section 3.7.6).

Besides an increasing number of students attending Gordon College, making up about one-quarter of the town's population as of April 2007, demographic trends suggest that escalating housing costs may be pricing younger individuals and families out of the housing market. Those entering the labor market and forming new families have been dwindling in numbers, reducing the pool of entry level workers and service employees as well as potentially forcing the grown children who were raised in town to relocate outside of Wenham. The *population age 25 to 34 has decreased by 37%*, from 421 residents or 10.8% of the population in 1980 to 265 and 6% of all residents in 2000. On the other hand, those 35 to 44 years old increased 57% from 1980 to 2000, growing from 392 to 615 residents, suggesting that those who were a bit older were capable of "buying into" Wenham's housing

¹² The use of the term "household" in this plan is as defined by the U.S. Bureau of the Census, that is, all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit, such as partners or roomers, is also counted as a household.

market. The growth of this age group is also reflected in the median age of 33.6 years, significantly lower than the state median of 36.5 years.

Those age 45 to 64 and in the prime of their careers and earning potential have continued to comprise about 20% of the town's population from 22.5% of all residents in 1980 to 19.5% in 1990 and 20.5% in 2000. This relatively stable population of baby boomers will start moving into retirement within the next decade, which suggests some likely demand for a wider range of housing options beyond the existing detached single-family homes on large lots.

The number of seniors is growing significantly. In 2000 there were 624 persons 65 years of age or older, representing 14.1% of the population, as compared to 369 or 9.5% of the total population in 1980. The current level of seniors is higher in Wenham than it is for Essex County or the state at 13.9% and 13.5%, respectively. This increase in seniors supports a likely increase in demand for elderly housing in Wenham in the future, including housing with some supportive services.

**Table 3-2
Wenham, Age Distribution 1980-2000**

Age Range	1980		1990		2000	
	#	%	#	%	#	%
Under 5 Years	124	3.2	197	4.7	231	5.2
5 – 17 Years	699	17.9	505	12.0	745	16.8
18 – 20 Years	615	15.8	776	18.4	747	16.8
21 – 24 Years	399	10.2	466	11.1	301	6.8
25 – 34 Years	421	10.8	398	9.4	265	6.0
35 – 44 Years	392	10.1	510	12.1	615	13.8
45 – 54 Years	507	13.0	395	9.4	583	13.1
55 – 59 Years	230	5.9	190	4.5	194	4.4
60 – 64 Years	141	3.6	235	5.6	135	3.0
65 – 74 Years	181	4.6	314	7.4	319	7.2
75 – 84 Years	129	3.3	164	3.9	240	5.4
85 Years and Over	59	1.5	62	1.5	66	1.5
Total	3,897	100.0	4,212	100.0	4,440	100.0
Population Under 18	823	21.1	702	16.7	976	22.0
Population Age 65+	369	9.5	540	12.8	624	14.1
Median Age	Not available		Not available		33.6 years	

Source: 1980, 1990 and 2000 U.S. Census Bureau

Based on population projections prepared by the Metropolitan Area Planning Council, Wenham may face the following demographic trends over the next 15 to 20 years¹³ that by in large involve a continuation of changes during the past couple of decades:

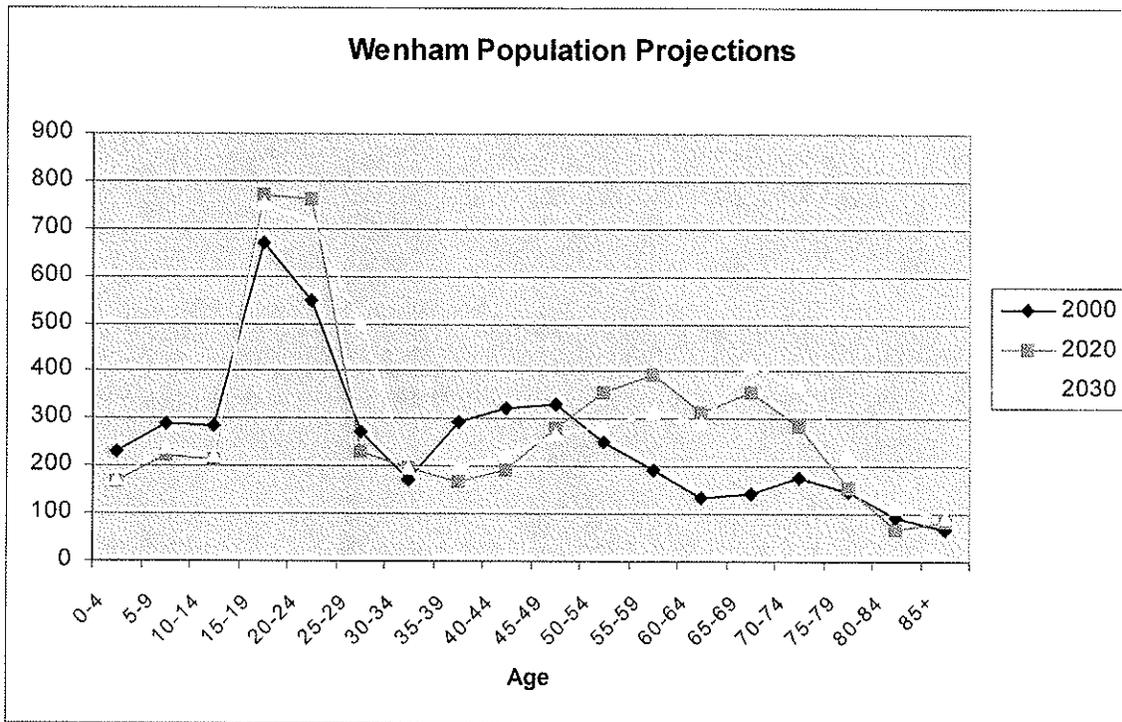
- An overall population increase to 5,335 residents in 2030.
- Decline in the number of children less than 14 years old from 804 in 2000 to 634 in 2030, despite an overall population increase;

¹³ Metropolitan Area Planning Council Community Population Forecasts, 1990 to 2030 as of January 31, 2006.

- Increase in the number of high school-age children age 15 to 19 from 670 in 2000 to 752 in 2030, after an increase in this population up to 824 in 2010;
- Significant growth in the household-formation years of 20 to 29, up from 643 residents in 2000 to 1,011 in 2020 and then down a bit to 956 in 2030;
- Drop in trade-up demand fueled by declining numbers of those between the ages of 35 and 44 (from 615 in 2000 to 417 in 2030) and those 45 to 49 (331 in 2000 up to 269 in 2030);
- Large overall growth in empty-nesters age 50 to 59 from 446 in 2000 to 748 in 2020 and then a drop-off from 2020 to 2030 to 599 residents;
- Substantial increase in early seniors aged 60 to 64 from 135 in 2000 to 315 in 2020 and then down a bit to 295 in 2030;
- More than doubling of the population of seniors age 65 to 74 from 319 in 2000 to 786 in 2030; and
- Increase in more frail seniors over the age of 75 from 305 in 2000 to 432 in 2030.

These changes in population projections from 2000 to 2020 and 2030 are presented in Figure 3-1.

Figure 3-1



The significant increase in the population projections for seniors confirms the likely boost in demand for smaller units that are easier to maintain than the average single-family home as well as the need for assisted living options in the long-term. Another consideration is the increase of those in the household formation years of 20 to 29 over the next couple of decades, suggesting the need for first-time homebuyer options that are affordable to those who do not have equity from a previous house or sufficient income to enable them to enter the private housing market.

3.1.5 Income Distribution

Residents of Wenham are on average becoming significantly more affluent. The median household income in 1999 was \$90,524, up 68% from the 1989 median income of \$53,872 and almost triple the

median income in 1979 of \$31,319, not adjusted for inflation. *Based on the percentage change in HUD's median income levels from 2000 to 2007 (25.8%), from \$65,500 to \$82,400, an adjusted income level of \$113,879 can be calculated that perhaps better reflects current economic conditions.*

A comparison of 1979, 1989 and 1999 income figures is presented in Table 3-4.

**Table 3-4
Wenham, Income Distribution by Household
1979-1999**

	1979		1989		1999	
	#	%	#	%	#	%
Under \$10,000	196	17.6	109	9.1	54	4.2
10,000-24,999	291	26.2	119	9.9	179	14.0
25,000-34,999	148	13.3	103	8.6	66	5.2
35,000-49,999	217	19.5	200	16.7	74	5.8
50,000-74,999	165	14.8	315	26.3	204	16.0
75,000-99,999	95	8.5	152	12.7	142	11.1
100,000-149,999			115	9.6	274	21.4
150,000 or more			84	7.0	285	22.3
Total	1,112	100.0	1,197	100.0	1,278	100.0
Median income	\$31,319		\$53,872		\$90,524	

Source: 1980, 1990 and 2000 U.S. Census Bureau

Between 1980 and 2000, there were decreases in the numbers of households in all of the income ranges except for those earning in the income categories above \$50,000 and even a decrease in those earning between \$50,000 and \$75,000 from 1990 to 2000. Those households earning more than \$100,000 almost tripled from 1989 to 1999 – from 199 to 559 households. The income distribution for those households that include children – families – is somewhat higher with a median family income in 1999 of \$98,004, with 462 families or almost 50% of all families earning more than \$100,000, including 154 or 16.25% earning more than \$200,000.

Figure 3-2 clearly demonstrates the tremendous increase in income levels for households in Wenham over the past two decades. Despite inflation these figures are dramatic, as more recent data shows that those earning above \$100,000 now comprise about almost half of all households residing in Wenham, while 20 years ago there were few if any in this income category. The spikes in the income curves included the \$10,000 to \$24,999 range in 1979, the \$50,000 to \$74,999 range in 1989, and the \$150,000 and above range in 1999.

Figure 3-2

Income Distribution by Census

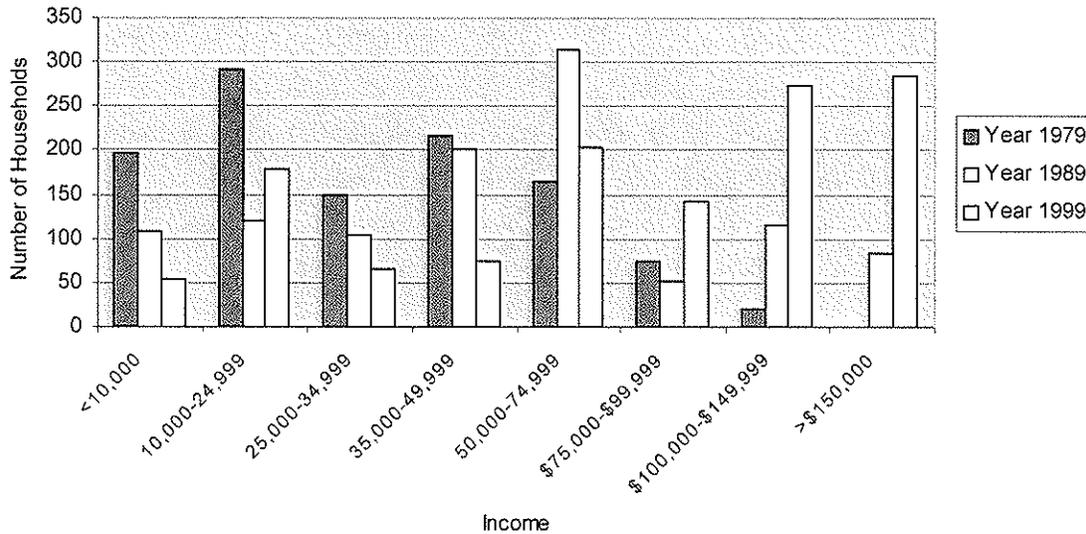


Table 3-5 offers some comparison of Wenham’s 1999 median income level to those of neighboring communities. Median incomes range from a low of \$53,984 in Beverly to a slightly higher level in Topsfield of \$96,430. Wenham’s income level, nevertheless, is among the highest in the state.

Table 3-5
Comparison of Median Incomes in Neighboring Towns, 1999

Town	Median Income
Beverly	\$53,984
Danvers	\$58,779
Hamilton	\$72,000
Manchester	\$73,467
Topsfield	\$96,430
Wenham	\$90,524
Essex County	\$51,576
Boston Region	\$55,234
Massachusetts	\$50,502

Source: U.S. Bureau of the Census, 2000

Wenham’s income distribution is in fairly striking contrast to that of Essex County and the state, when viewed proportionately, as demonstrated in Table 3-6. The percentage of those earning less than \$50,000 was about one-third for Essex County and the state in contrast to 29.2% of all households for the town of Wenham, whereas those earning above the \$100,000 threshold included less than 20% of all households in the county and state versus 43.7% of the households in Wenham. Wenham’s median income was also 75% higher than the median for Essex County as a whole as well as the Boston region with a median income in 2000 of \$55,234.

**Table 3-6
Income Distribution, 1999**

Income	Wenham Households	Wenham %	Essex County %	Massachusetts %
Less than \$10,000	54	4.2	8.7	8.8
\$10,000 - \$24,999	179	14.0	15.4	15.8
\$25,000 - \$49,999	140	11.0	24.2	24.9
\$50,000 - \$99,999	346	27.1	32.7	32.9
\$100,000 or more	559	43.7	19.0	17.7
Total	1,278	100.0	100.0	100.0

Source: U.S. Census Bureau, Census 2000.

Despite increasing household wealth, there still remains a population living in Wenham with very limited financial means. Of the 1,285 total households counted in 1999, 54 or 4.2% had incomes of less than \$10,000 and another 179 or 14.0% had incomes between \$10,000 and \$24,999, representing extremely low-income levels at or below 30% of area median income. An additional 66 households had incomes within what public agencies would define as very low-income levels, within 50% of area median income. *The total number of households within these lower income categories was almost 300 households in 2000 or almost one-quarter of all Wenham households, not an insignificant number given the general affluence of the community.* Additionally, based on HUD income information, more than one-quarter of Wenham households (or about 348 households) would likely qualify for housing assistance as their incomes were at or below 80% of area median income defined by the U.S. Department of Housing and Urban Development (HUD) or \$45,200 for a family of three.¹⁴

3.1.6 Poverty

The Federal Department of Health and Human Services issues the federal poverty guidelines yearly for administrative purposes. Financial eligibility for many federal housing programs is based on these guidelines. Many of the people who fall into poverty are disabled, elderly, minorities, or unemployed.

**Table 3-7
Wenham, Poverty Status, 1979-1999**

	1979		1989		1999	
	#	%	#	%	#	%
Individuals Below Poverty	121	3.1	120	2.8	115	3.3
Families	22	2.4	21	2.3	11	1.2
Related Children Under 18 Years (Under 17 Years for 1980 data)	37	4.5	37	5.3	18	1.9
Individuals 65 and Over	8	2.2	33	6.1	32	5.1

Source: 1980, 1990 and 2000 U.S. Census Bureau

*Percentage of total population

**Percentage of all families

***Percentage of all related children under 18 years

****Percentage of all individuals age 65+

¹⁴ While these households' incomes might be at or below 80% of area median income, many households are likely to have assets that are more than the allowable state or federal standards that would disqualify them from housing assistance.

The 2000 census indicates that the absolute numbers of those with incomes below the poverty level decreased somewhat between 1979 and 1999 as shown in Table 3-7. The U.S. Bureau of the Census defined poverty status for 1999 as income falling below the exceedingly low annual income level of \$12,700 for a family of four. In 1999 there were 115 individuals and 11 families at this income level in Wenham. More than one-quarter of the individuals below the poverty level were 65 years of age or older including 32 seniors. The census also counted 18 children living in poverty.

3.1.7 Education

In 2000, 94.3% of those 25 years and older had a high school diploma or higher, and 50% had at least a Bachelor’s degree. These levels are higher than the 2000 figures for college attainment of 31.3% for Essex County and 41% for the Boston region. Table 3-8 clearly indicates the higher educational attainment in Wenham versus the County and the state and also shows increased attainment from 1990 to 2000. In 2000, for example, almost 20% of Wenham’s adults of at least 25 years of age had completed a graduate or professional degree, up from 17.8% in 1990, as opposed to 11.7% for Essex County and 13.7% for the state.

**Table 3-8
Educational Attainment
1990 and 2000**

Location	% Completed High School/Some College Only		% Completed 4 Years College Only		% Completed >4 Years College	
	1990	2000	1990	2000	1990	2000
Wenham	38.7	35.3	31.0	30.9	17.8	19.7
Essex County	54.3	53.4	17.0	19.5	9.4	11.7
Massachusetts	52.8	51.6	16.6	19.5	10.6	13.7

Source: U.S. Census Bureau, Census 1990 and 2000.

Those enrolled in school (nursery through graduate school) totaled 1,899 students or 42.8% of the population, however 971 or about half of these students were enrolled at Gordon College. Those enrolled in nursery school through high school totaled 825 children, 18.6% of the total population. These figures are 53% higher than the 1990 enrollment figures of 539 students in nursery school through high school, a gain of 286 students. However, as noted in Section 3.1.2, demographic projections point to an overall decline in school enrollments for those of 5 to 14 year range and an increase of those high school-age children of 15 to 19 years over the next several decades. Also, 2006 school enrollment projections suggest slight declines in public school enrollments through 2012.

3.1.8 Employment

The 2000 census indicated that 942 of Wenham’s workers, 57.8%, were involved in management or professional occupations and another 509 or 31% were employed in more retail and service oriented jobs. While 75.8% were salaried workers, another 12.6% were government workers and 11.2% were self-employed.

Additional information on employment patterns indicated that there were 1,620 Wenham residents who were employed over the age of 16, and of these workers 284 or about 17.5% worked in the community, suggesting some employment opportunities in town. Also, despite good access to commuter rail stations in North Beverly and Hamilton, three-quarters of Wenham’s workers commuted alone by car to work.

3.1.9 Disability Status

Of the 2000 population age 5 to 20 years old, 51 or 3.4% had some disability. Moreover, of the population age 21 to 64, 283 or 13.6% claimed a disability, but 58.3% of this group was employed leaving more than 40% who were unemployed, likely due to disability. In regard to the population 65 years of age or older, 207 or 32.8% claimed some type of disability. These levels of disability were lower than the Boston region as a whole where 7.9% of

those five to 20 years of age claimed a disability, 16.5% of those 21 to 64 claimed a disability (38.2% of whom were not employed), and more than one-third, 37.1%, of those over 65 were disabled.¹⁵

3.1.10 Residency in 1995

Almost half of the households in Wenham, 48.6% or 2,047 persons, moved to a new residence from 1995 to 2000. Of these, 15.6% came from within Essex County, 27.8% came from a different county, with 13.2% coming from the same state and 19.8% coming from a different state or elsewhere, representing significant mobility of the town's population and significantly higher than the county's where 36.5% of all households moved during this same time period.

It is important to note that housing turnover drives up housing prices in an escalating real estate market, and typically the buyers are more affluent than sellers, fueling demographic changes in the community over time. This suggests that it is useful to find ways to reduce housing turnover, to maintain the affordability in the existing housing stock to the greatest extent possible, and to help those who want to remain in town afford to do so.

3.2 Housing Characteristics

Table 3-9 provides a summary of the key characteristics of Wenham's housing stock. There has been a moderate expansion in Wenham's overall housing supply since 1980, with an additional 201 units added to the housing stock as of 2000, plus 52 more units built since then through April 2007. All new unit creation has been in the owner-occupied housing stock and there has actually been a falling off in the number of rental units, from 219 in 1980 to 187 in 2000, a loss of 32 such units.

**Table 3-9
Wenham, Housing Characteristics
1980-2000**

	1980		1990		2000	
	#	%	#	%	#	%
Total # Housing Units	1,119	100.0	1,207	100.0	1,320/1,372 as of April 2007	100.0
Occupied Units *	1,092	97.6	1,168	96.8	1,285	97.4
Occupied Owner Units **	873	80.0	966	82.7	1,098	85.5
Occupied Rental Units **	219	20.0	202	17.3	187	14.5
Total Vacant Units/ Seasonal, Recreational or Occasional Use*	27/0	2.4/0.0	39/3	3.2/0.2	36/10	2.7/0.8
Average Household Size of Owner- Occupied Unit	Not Available		2.92 persons		2.86 persons	
Average Household Size of Renter-Occupied Unit	Not Available		1.86 persons		1.74 persons	

Source: 1980, 1990 and 2000 U.S. Census Bureau

* Percentage of total housing units

** Percentage of occupied housing units

*** Data not available

The 2000 census counted 1,320 total housing units, up 9.4% from 1,207 units in 1990 and an 18% increase from 1,119 units in 1980. Out of total housing units, Wenham had 1,285 occupied units, of which 1,098 or 85.5% were owner-occupied while the remaining 187 units or 14.5%, were rental units. These figures represent a considerably higher level of owner-occupancy in 2000 than that for Essex County as a whole of 63.5% and for the

¹⁵ These figures were based on 2000 census data for the Boston SMSA.

Boston region of 57%. Table 3-10 presents these levels of owner versus rental occupancy for surrounding communities and Essex County. Only Topsfield had a higher level of owner-occupancy than Wenham of 88.9%.

**Table 3-10
Owner and Rental Occupancy in Wenham, Surrounding Towns and Essex County,
2000¹⁶**

Community	Owner-Occupied Units	Renter-Occupied Units	Total	% Owner-Occupied Units
Beverly	9,457	6,293	15,750	60.0%
Danvers	7,371	2,184	9,555	77.1%
Hamilton	2,187	481	2,668	82.0%
Manchester	1,535	633	2,168	70.8%
Topsfield	1,865	234	2,099	88.9%
Wenham	1,098	187	1,285	85.4%
Essex County	174,964	100,455	275,419	63.5%

Source: U.S. Bureau of the Census, 2000

The 2000 census counted 2.7% of the housing stock, or 35 units, as vacant, of which 10 units involved seasonable, recreational or occasional use. The 2000 homeowner vacancy rate was 0.4%, down a bit from 1.4% in 1990; and the rental vacancy rate of 2.6% also represented a decline from 4.7% in 1990. These vacancy statistics reflect tightening housing market conditions as anything below 5% is considered to represent very limited housing vacancy directed primarily to normal patterns of housing turnover. As Table 3-11 further indicates, the 2000 vacancy rates in Wenham were considerably lower than state and national levels.

**Table 3-11
Wenham, Vacancy Rates
1990 and 2000**

Vacancy Rates by Tenure				
	1990	2000	MA 2000	Nation 2000
Rental	4.7	2.6	3.5	5.0
Owner-Occupied	1.4	0.4	0.7	3.0

Source: 2000 U.S. Census

The 2000 census indicates that the vast majority of the existing housing units are in single-family detached structures, 1,040 units or 78.8% of the housing stock, significantly higher than the 52.1% level for the county, 44% for the Boston region and 52.4% for the state. Another 35 units were located in single-family attached dwellings, 99 in two to four-unit buildings, and 128 in five to nine-unit structures. Another 18 units were included in developments of more than ten units. There were also twelve (12) mobile homes counted as part of the 1990 census, but these were gone by 2000.

Table 3-12 compares this data to that from the 1990 census, and suggests that new housing production has not been directed to single-family detached homes, but instead to single-family attached and multi-family housing,

¹⁶ Figures do not reflect vacant housing units.

including a gain of 78 units in the five to nine unit per structure range as a result of the Parsons Hill and The Maples developments. Some modest increases have occurred in townhouse development, 18 units, and the small multi-family stock with another 36 units.

Table 3-12
Wenham, Units in Structure
1990 – 2000

Type of Structure	1990		2000	
	#	%	#	%
1 Unit Detached	1,041	86.2	1,040 (+48*)	78.8
1 Unit Attached	17	1.4	35	2.7
2 to 4 Units	63	5.2	99 (+4*)	7.5
5 to 9 Units	50	4.1	128	9.7
10 or More Units	20	1.7	18	1.4
Other	16	1.3	0	0.0
Total	1,207	100.0	1,320 (+52*)	100.0

Source: 1990 and 2000 U.S. Census Bureau

* New units added to the housing stock through October 24, 2007, Wenham Building Dept.

The distribution of housing between single and multi-family homes in Wenham is similar to that of Manchester and Topsfield where multi-family housing represents less than 20% of the housing stock, in fact even less than 15% for both Hamilton and Topsfield. The higher proportion in both Beverly and Essex County reflect a more urban orientation towards greater housing diversity.

Table 3-13
Single Family vs. Multi-Family Housing in Wenham, Surrounding Towns and Essex County
2000

Town/City	Single-Family*	Multi-Family**	Total	% Single-family/Multi-Family
Beverly	8,861	7,386	16,247	54.5%/45.5%
Danvers	6,834	2,732	9,566	71.4%/28.6%
Hamilton	2,417	401	2,818	85.8%/14.2%
Manchester	1,656	671	2,327	71.2%/28.8%
Topsfield	1,852	284	2,136	86.7%/13.3%
Wenham	1,075	245	1,320	81.4%/18.6%
Essex County	163,421	121,741	285,162	57.3%/42.7%

Source: U.S. Bureau of the Census, 2000 Data/2002 Master Plan

* Includes single-family attached and detached dwelling units.

** Does not include "other" housing types such as boats, RV's, etc.

Almost two-thirds of Wenham's housing stock, 853 units or 64.6%, was built prior to 1970, and another 328 units or about one-quarter of the housing stock was added between 1970 and 1989. Housing growth from 1990 through 2000 included another 139 units or 10.5 % of the housing built through March 2000. For the county as a whole, 70% of the units were built prior to 1970, suggesting that Wenham demonstrated only a little less housing growth over the last several decades than Essex County. Most of the growth in fact occurred during the mid-20th Century, just before and after World War II.

**Table 3-14
Wenham, Year Structure Built
2000**

Time Period	#	%
1999 to March 2000	12	0.9
1995 to 1998	53	4.0
1990 to 1994	74	5.6
1980 to 1989	115	8.7
1970 to 1979	213	16.1
1960 to 1969	123	9.3
1940 to 1959	347	26.3
1939 or earlier	383	29.0
Total	1,320	100.0

Source: 2000 U.S. Census Bureau

Wenham had a higher or fairly comparable level of housing growth since 1970 in comparison to most of its neighbors with 35.4% of its housing stock (based on the 2000 census count of 1,320 units) constructed after 1970. Neighboring Manchester, Danvers and Beverly all had lower levels of growth as a proportion to their total housing stock. Wenham's level of housing growth is also higher than that of Essex County as a whole and the state at 30.0% and 32.3%, respectively.

**Table 3-15
More Recent Housing Development
Wenham and Neighboring Communities
As of March 2000**

Community	# Units Built Since 1970	% Units Built Since 1970
Beverly	3,895	23.9%
Danvers	2,578	26.4%
Hamilton	999	35.4%
Manchester	504	21.7%
Topsfield	751	35.0%
Wenham	467	35.4%
Essex County	84,872	30.0%
State	847,922	32.3%

Source: 2000 U.S. Census Bureau

The median number of rooms per housing unit was 7.1, indicating that the average home had about four bedrooms. The dwelling size ranged from 176 units or 13.3% with four rooms or less to 374 units or 28.3% of the housing stock with nine (9) rooms or more. About 70% of all households had two or more vehicles, and there were another 63 households that indicated that they did not own a car.

Additional information from the 2000 census indicates that Wenham's housing stock is generally of very high quality with no units listed as lacking plumbing or kitchen facilities and without any overcrowding as no unit had more than one person per room. Although in 2000, almost 30% of the housing stock was over 60 years old, in general the town had little housing that was overcrowded or in very poor condition, however it is likely that units have lead paint, a danger for children, and some deferred maintenance needs.

The building permit data summarized below in Table 3-16 indicates a high of 12 permits as of October 24, 2007, to a low of three (3) permits in 2005. Since the last census through October 2007, an additional 52 units have been added to the housing stock bringing the total number of housing units in Wenham to 1,372. All of the permits issued since April of 2000 have involved single-family homes or condominiums with the exception of two, two-family homes.

**Table 3-16
Units Constructed in Wenham
April 2000-October 24, 2007**

Year	# Permits Issued/# Units	Approximate Value of Construction
2000	14/14 (April to December)*	\$3,447,500
2001	6/8	\$1,360,000
2002	5/5	\$2,086,000
2003	6/6	\$2,533,000
2004	7/7	\$3,454,000
2005	3/3	\$1,820,000
2006	11/11	\$4,120,000
As of 10/24/2007	12/12	\$5,045,000
Total	50/52	\$23,865,500 (average/unit of \$458,952)

Sources: Town of Wenham Building Department

* The 2000 census counted building permits through March 2000.

A buildout analysis completed by the state's Executive Office of Environmental Affairs (now renamed the Executive Office of Energy and Environmental Affairs) projected that another 1,053 residential units could be built based on existing zoning and development constraints that would add 2,707 residents including 474 additional school children. Infrastructure requirements to support the added growth were estimated at approximately 203,010 gallons of water per day and 1,389 tons of municipal solid waste per year, including about 987 tons of non-recycled solid waste.

3.3 Housing Market Conditions

3.3.1 Ownership

Census data also provides information on housing values as of March 2000. The census indicated that the 2000 median house value was \$362,500, up about 35% from the median in 1990 of \$268,000. In 2000, only 15 homes were valued at less than \$150,000 and another 65 were valued between \$150,000 and \$199,999, making up the bulk of the more affordable housing stock. On the other hand, 28.3% of the housing stock, or 265 homes were valued at more than \$500,000, priced beyond the means of the average Wenham household that included 24 homes valued at more than \$1 million. Census housing values are summarized in Table 3-17.

Housing prices in Wenham were 65% higher than Essex County's with a median house value of \$220,000, based again on the 2000 census.

**Table 3-17
Wenham, 2000 Housing Values**

Value	Number of Units	% Units
Less than \$50,000	9	1.0
\$50,000 to \$99,999	0	0.0
\$100,000 to \$149,999	6	0.6
\$150,000 to \$199,999	65	6.9
\$200,000 to \$299,999	254	27.1
\$300,000 to \$499,999	339	36.1
\$500,000 to \$999,999	241	25.7
\$1 million or more	24	2.6
Total	938	100.0
Median (dollars)	\$362,500	

Source: 2000 U.S. Census Bureau

More updated market data is tracked by The Warren Group from Multiple Listing Service data based on actual sales. This market information since 1988 is summarized in Table 3-18.

**Table 3-18
Wenham, Median Sales Prices
January 1988 – October 2007**

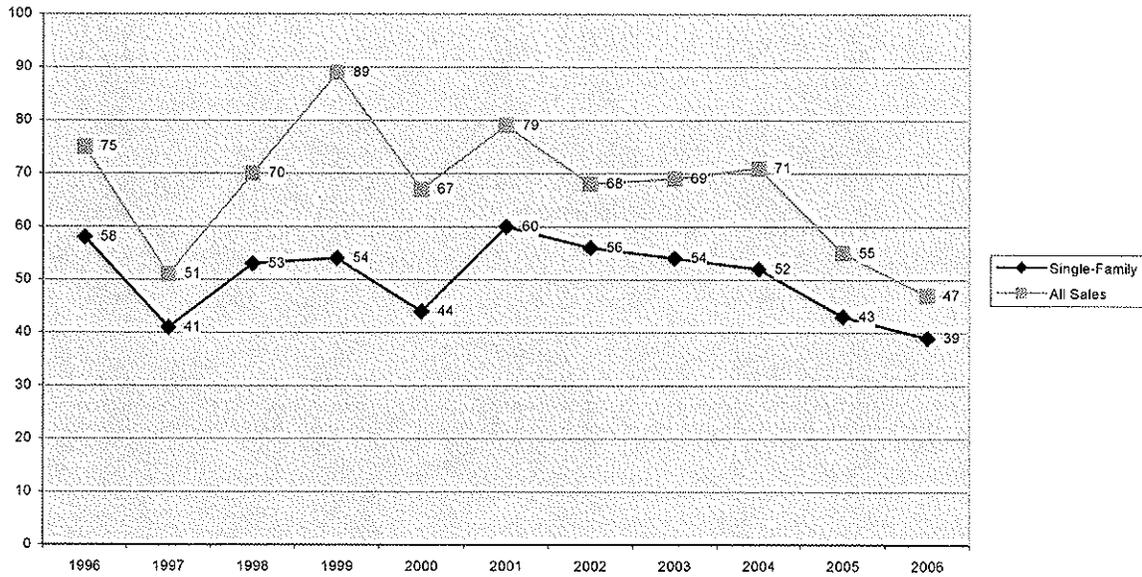
Year	Months	Single-family	Condo (#)	All Sales	# Sales
2007	Jan – Oct	\$485,500	\$901,187 (8)	\$576,050	54
2006	Jan – Dec	675,000	319,000 (3)	650,000	47
2005	Jan – Dec	473,900	319,500 (6)	469,000	55
2004	Jan – Dec	542,300	0	550,000	71
2003	Jan – Dec	575,000	0	574,000	69
2002	Jan – Dec	512,500	0	512,500	68
2001	Jan – Dec	529,500	0	535,000	79
2000	Jan – Dec	373,000	0	373,590	67
1999	Jan – Dec	346,500	0	332,000	89
1998	Jan – Dec	305,000	0	302,500	70
1997	Jan – Dec	295,000	0	295,000	51
1996	Jan – Dec	242,000	0	241,500	75
1995	Jan – Dec	291,250	0	275,000	58
1994	Jan – Dec	239,250	0	214,000	65
1993	Jan – Dec	213,500	0	194,500	60
1992	Jan – Dec	230,000	0	220,000	45
1991	Jan – Dec	192,250	0	192,250	38
1990	Jan – Dec	235,000	0	236,500	34
1989	Jan – Dec	300,000	135,000 (3)	255,000	37
1988	Jan – Dec	294,250	165,000 (3)	210,000	46

Source: The Warren Group, November 24, 2007

The number of home sales in Wenham ranged from a low of 34 sales in 1990 to a high of 89 in 1999. Since then sales have tapered off somewhat and in 2006 there were 47 total sales. Single-family home sales comprise most of the real estate market in Wenham with a low of 23 sales in 1989 to a high of 60 sales in 2001. The condo market is very small, representing only 45 units in Wenham. Figure 3-4 presents a summary of these sales fluctuations.

Figure 3-4

Number of Sales 1996-2006



Source: The Warren Group, November 24, 2007.

After a decline in market prices in the early 1990's, due largely to the economic slump, the market began to revive in the mid-90s but did not surpass the 1989 median sales price until 1998. Since then the market escalated precipitously, more than doubling, up 121%, from \$305,000 in 1998 to \$675,000 by the end of 2006 for single-family homes. Also, more recently the housing market has softened and the median single-family home price has dropped to \$485,500. The condominium market has also demonstrated substantial price escalation, rising from a low of \$135,000 in 1989 to more than \$900,000 as of October 2007, due largely to the high-end units for sale at The Boulders of Wenham "over 55" condominium development.

Table 3-19 compares median sales data for Wenham and neighboring communities for single-family homes, condos and as all sales as of October 2007.

Table 3-19
Median Home Prices
As of October 2007

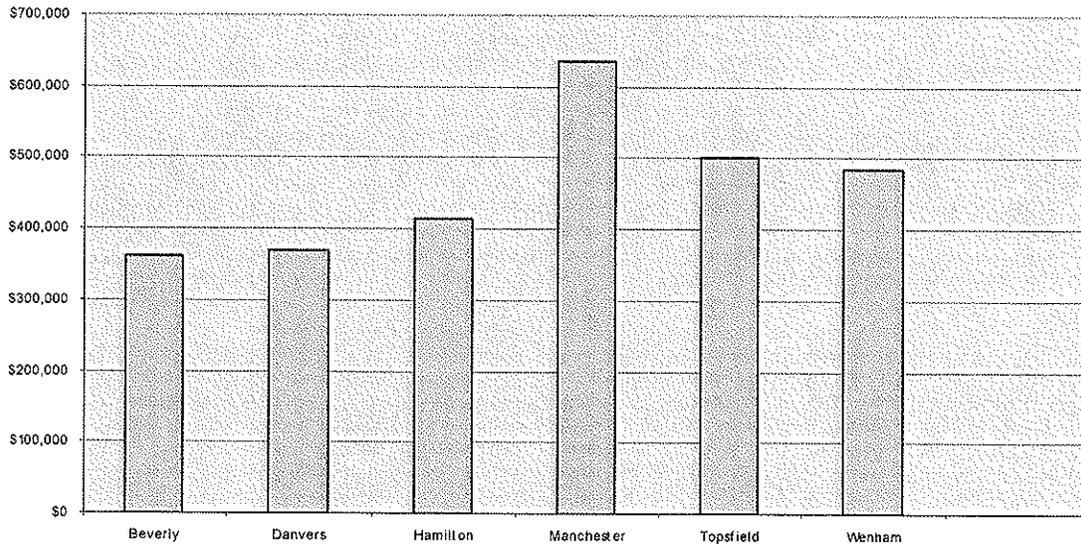
Town	Median Price for Single-family Homes	Median Condos Prices	Median Price for All Sales
Beverly	\$360,000	\$229,000	\$328,000
Danvers	370,000	277,673	351,000
Hamilton	414,000	264,250	413,000
Manchester	637,000	435,000	615,000
Topsfield	500,000	397,500	471,500
Wenham	485,500	901,187	576,050

Source: The Warren Group, November 24, 2007.

As is so visually clear in Figure 3-5, the median price of single-family homes is extremely high in this area of the North Shore, ranging from a low of \$360,000 in Beverly to a high of \$637,000 in Manchester-by-the-Sea, with Wenham at \$485,500.

Figure 3-5

Median Sales Prices: Wenham and Neighboring Communities



The Warren Group, November 24, 2007.

Information from the Town Assessor on the assessed values of residential property in Wenham is presented in Table 3-20. This is another way of looking at market values, in this case for the town as a whole as opposed to recent sales.

Table 3-20
Assessed Values of Residential Properties

Assessment	Single-family Dwellings		Condominiums		Multi-family Dwellings*		Total Residential Properties	
	#	%	#	%	#	%	#	%
0-\$199,999	16	1.4	1	2.2	0	0.0	17	1.4
\$200,000-\$299,999	28	2.5	0	0.0	0	0.0	28	2.3
\$300,000-399,999	109	9.8	0	0.0	2	3.8	111	9.2
\$400,000-499,999	284	25.5	0	0.0	14	26.9	298	24.6
\$500,000-599,999	221	19.8	7	15.6	15	28.8	243	20.0
\$600,000-699,999	134	12.0	8	17.7	8	15.4	150	12.4
\$700,000-799,999	105	9.4	6	13.3	6	11.5	117	9.6
\$800,000-899,999	60	5.4	2	4.4	2	3.8	64	5.3
\$900,000-999,999	24	2.2	0	0.0	0	0.0	24	2.0
Over \$1 million	134	12.0	21	46.7	5	9.6	160	13.2
Total	1,115	100.0	45	100.0	52	100.0	1,212	100.0

Source: Wenham Town Assessor, Fiscal Year 2007.

* Includes two-family, three-family, and multiple homes on one lot.

Table 3-20 confirms that there are few residential properties that are valued in the affordable range below \$200,000, only 17. Additionally, there were only 28 other units in the \$200,000 to \$300,000 range. On

the other hand, there were quite a few residences assessed in the higher ranges as 62% of residential structures were valued above \$500,000 and of these 13% were valued at more than \$1 million.

There are relatively few multi-family properties in Wenham, 52 properties most of which had two or three units or a couple of houses on one lot. There are also a relatively limited number of condominiums, 45 units, almost half of which are valued at more than \$1 million, beyond the means of most long-term Wenham residents.

**Table 3-21
Approximate Cost of Homeownership Units in Wenham
2006**

Approximate Home Price Range	Affordability Range (% HUD Median Family Income for 2007)	Single-Family Units Available in Home Price Range	
		Number	%
Less than \$135,000	Less than 50% (Less than \$37,850)	12	1.1
\$135,000 - \$204,999	50% - 80% (\$37,850 - \$59,550)	6	0.5
\$205,000 - \$284,999	80% - 100% (\$59,550 - \$82,400)	22	2.0
\$285,000 - \$344,999	100% - 120% (\$82,400 - \$98,880)	28	2.5
More than \$345,000	More than 120% (More than \$98,880)	1,047	93.8
Total		1,116	100.0

Source: Town of Wenham Assessor's Database for Fiscal Year 2006. Please note that as a standard practice, assessed value is assumed to be 93% of actual value or potential sale price.

Table 3-21 provides a breakdown of the number of units existing within various affordability ranges. According to Assessor's data, almost all, 93.8%, of the Wenham's single-family homes are affordable only to households earning 120% or more of the area median income (\$82,400) in 2007. There were only 18 houses valued within the means of those low- and moderate-income households earning at or below 80% of area median income, or \$59,550 for a household of three. Only another 22 single-family houses in Wenham could be considered moderately-priced, affordable to households earning between 80% and 100% of the area median income, and another 28 valued within the means of those earning between 100% and 120% of the area median.

Another analysis of housing market data is presented in Table 3-22, which includes a breakdown of sales data from the Multiple Listing Service for single-family homes that is used for local real estate sales. This data indicates that there are no longer homes available in Wenham for under \$200,000 that would be affordable to low- and moderate-income households, and even homes for less than \$300,000 are scarce. Average sales prices are significantly higher than the median, largely skewed by those houses fetching more than \$1 million. In fact, 21 houses have come on the market or have been sold above \$1 million and another 16 are priced between \$800,000 and \$1 million, representing more than one-quarter of the total homes listed, under agreement or sold since January 2006.

**Table 3-22
Single-family House Sales**

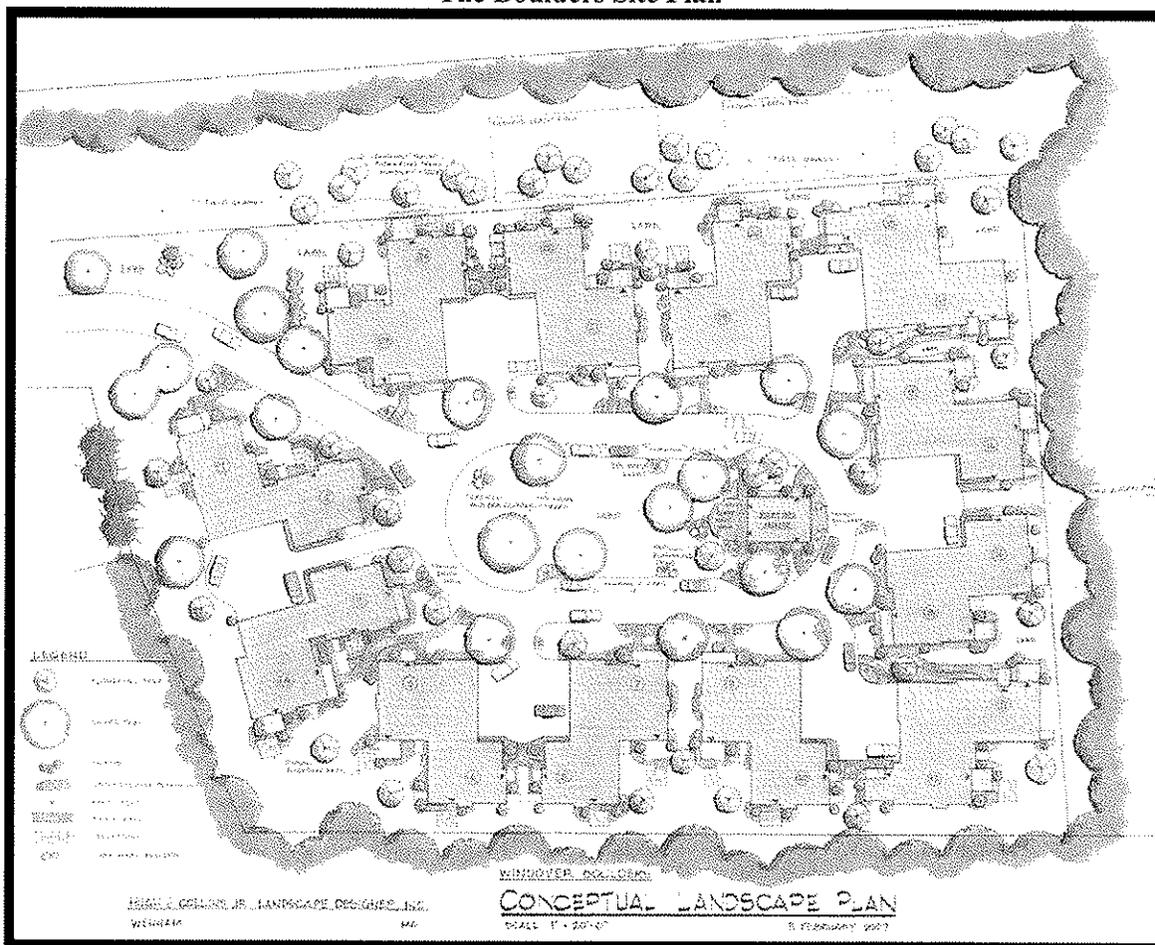
Price Range	Current Listings	Under Agreement	Sold 2006	Sold 2007 1/1/07- 11/26/07	Total #/%
Less than \$299,000*	0	1	0	4	5/4.6
\$300,000-399,999	2	0	4	4	10/9.3
\$400,000-499,999	9	1	4	10	24/22.2
\$500,000-599,999	7	0	2	4	13/12.0
\$600,000-699,999	0	0	5	5	10/9.3
\$700,000-799,999	3	0	4	2	9/8.3
\$800,000-899,999	1	2	3	3	9/8.3
\$900,000-999,999	1	1	2	3	7/6.5
Over \$1 million	6	1	8	6	21/19.4
Total	29	6	32	41	108/100.0
Average Price	\$916,044	\$854,767	\$945,738	\$730,673	--
Median Price	\$539,000	\$849,900	\$720,000	\$552,100	--
Average # Days on Market	234 days	79 days	--	--	--

Source: Multiple Listing Service, November 26, 2007

Table 3-22 also demonstrates some significant softening of the housing market since 2006, with average sales prices dropping from \$945,738 in 2006 to \$730,673 in 2007. Median prices, not as skewed by the number of million dollar plus properties, also declined from \$720,000 to \$552,100. However, the handful of properties that are currently under agreement have a significantly higher median price of \$849,900. The average list price for properties currently on the market is \$916,044, also most likely skewed by a number of houses with asking prices of well more than \$1 million, with a median list price of \$539,000.

In regard to condominiums, there are no condominiums on the market for less than \$859,000, and prices range up to \$959,000. These units are part of The Boulders at Wenham, a 24-unit luxury “over 55” development built by Windover. The developers describe this project as “an elegant enclave nestled within a former tree farm, that offers the sanctuary of country estate living that’s only minutes away from some of the finest dining, recreation, entertainment and shopping on Boston’s North Shore.” Six of the units have sold, ranging from \$849,900 to \$977,750. The site plan for The Boulders is included as Figure 3-6.

**Figure 3-6
The Boulders Site Plan**



Multi-family structures represent a very small segment of Wenham’s housing stock, only 52 properties according to Assessor’s data, and there is only one two-family property listed for sale on Cherry Street for \$599,900.

3.3.2 Rentals

The 2000 census indicated that there were 187 occupied rental units in Wenham and that the median gross rental was \$391, 58% higher than the 1990 median rent of \$248 and more than triple the 1980 rental of \$116. Rental units remain a small segment of Wenham’s housing market, 14.6%, smaller than that for Essex County and the state at 24.4% and 38.3% respectively. The median rent for the county was \$665 in 2000, almost 70% more than the 2000 median gross rental for Wenham. Because 104 units of Wenham’s Subsidized Housing Inventory consist of rental units, more than half, 55.6%, of the Town’s existing occupied rental stock is publicly assisted and as such has restricted below market rents, thus skewing gross rental figures considerably.

Data on the costs of rental units from 1980 through 2000 is included in Table 3-23.

**Table 3-23
Wenham, Rental Costs
1980-2000**

Gross Rent	1980		1990		2000	
	#	%	#	%	#	%
Under \$200	100	56.5	70	38.2	39	21.3
200-299	8	4.5	15	8.2	15	8.2
300-499	53	29.9	17	9.3	59	32.2
500-749	7	4.0	27	14.8	22	12.0
750-999			17	9.3	5	2.7
1,000-1,499			17	9.3	28	15.3
1,500 or more					0	0.0
No cash Rent	9	5.1	20	10.9	15	8.2
Total	177	100.0	183	100.0	183	100.0
Median rent	\$116		\$248		\$391	

Source of above table: U.S. Census Bureau

* Figures in 1990 census data are listed as \$1,000 or more and do not break numbers into the \$1,500 or more range.

Like housing values for homeownership units, rental values tend to be underestimated in the census data and actual market rents are typically much higher. Updated information on rents from the Multiple Listing Service indicates that there are no apartments listed for less than \$1,500 per month. A number of examples from recent listings offer a good perspective of the rental market including:

- An 8-room single-family home with 4 bedrooms and 3 baths as well as a fireplace for \$2,600.
- A newly rebuilt carriage house with 4 rooms, 1 bedroom and 2 baths overlooking Wenham Lake for \$2,600.
- A ranch with 5 rooms, 2 bedrooms and 1 bath, including a fireplace, for \$1,500.
- An attached townhouse with 7 rooms, 2 bedrooms and 2 baths for \$1,500.
- A single-family Cape with 5 rooms, 3 bedrooms and 1 bath for \$1,700.

3.4 Cost Analysis of Existing Market Conditions

As housing prices escalate, the affordability gap widens, defined as the gap between the cost of housing and the proportion of income that is reasonable to pay for housing, typically defined as 30% of gross income. To afford the median sales price of a single-family home in Wenham of \$485,500 (based on The Warren Group information as of October 2007), a household would have to earn approximately \$147,000,¹⁷ significantly more than the adjusted median income of \$113,879.

The borrowing power of the average household, based on the adjusted median household income of \$113,879, is about \$374,000, substantially higher than the median house value as reported in the 2000 census of \$276,000 but also significantly less than the \$485,500 median sales prices for single-family homes as of October 2007. The affordability gap is then about \$111,500 - the difference between the price of the median priced home and what a median income household can afford. *It is likely that more than 60% of Wenham's households have insufficient*

¹⁷ Figures based on 95% financing, interest of 7.0%, 30-year term, annual property tax rate of \$11.67 per thousand, insurance costs of \$1.25 per \$1,000 of combined valuation of dwelling value (value x 0.5), personal property (\$100,000 fixed), and personal liability (\$100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of \$300.

income to afford the median sales price of \$485,500 based on adjusted income data¹⁸. Also, only two homes have sold since January of 2006 for less than \$374,000 or what a household earning at the adjusted median income could afford.

The affordability gap increases to \$291,500 if the analysis focuses on those low and moderate-income households earning at or below 80% of area median income, or \$59,550 for a family of three (the average household size is 2.70 persons in Wenham), who are unable to afford a house costing more than about \$194,000 based on conventional lending terms. Clearly subsidies are required to provide homeownership opportunities for those with incomes at or below 80% of area median income, a requirement of housing affordability under Chapter 40B.¹⁹

As more homes emerge on the market with sale tags of more than \$500,000, particularly if they are condos and large single-family dwellings, fewer existing longer-term residents will be able to afford them. However, it is important to recognize that those who have owned their homes for some time are likely to have gained significant assets, particularly through the escalating value of their land, despite potentially limited incomes.

Over the years *condos* have represented a relatively small segment of Wenham's housing stock, now including about 45 units or about 3.3% of Wenham's housing market. The condos that are currently on the market are restricted to those over the age of 55 as part of The Boulders of Wenham development. Even the lowest priced townhouse in this development, of about \$850,000, requires an income of approximately \$270,000 based on conventional lending terms.

In regard to *rentals*, the gross median rent of \$391, according to the 2000 census, required an income of about \$15,640 without consideration of utilities, well within HUD's income limit for three-person households earning at 80% of area median income. Nevertheless, based on 2000 data, about 121 or 9.5% of Wenham's households would have been unable to afford to rent at this level based on the standard of spending no more than 30% of one's income on housing. Local real estate listing indicate that market rents are actually higher with nothing on the market for less than \$1,500, requiring an income of about \$60,000 based on a household spending no more than 30% of its income on just the rent. When considering additional housing-related expenses such as utilities, the required income goes up still further for the unit to meet the 30% of income test.

While current housing market data tells us that approximately 60% of town residents are unlikely to have sufficient incomes to afford the median sales price for a single-family home of \$485,500, and more than 35% of households cannot afford rentals at \$1,500 per month, it is also useful to identify numbers of residents who are living beyond their means due to the extent of their housing costs. The 2000 census provides data on how much households spent on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing affordability problems, defined as spending more than 30% of their income on housing. The 2000 census identified that approximately 150 Wenham homeowners, or 16% of all owners, spent 35% or more of their household income on housing costs, while an additional 69 or 7.4% spent between 30% and 34.9%. Of renters, 2000 census data indicated that at least 44 households or 24% of renter households spent 35% or more of their monthly income on housing costs, while another 27 or 14.8% spent between 30% and 34.9%. *This data suggests that 290 households or about 23% of all Wenham households were living in housing that by common definition was unaffordable.*

¹⁸ Assumes a similar income distribution to the 2000 census with an inflation factor of 25.8% (based on the increase in the HUD area median income from 2000 to 2007).

¹⁹ The maximum income a three-member household would be eligible to make within the Chapter 40B affordability parameters is \$59,550 in 2007.

The U.S. Department of Housing and Urban Development (HUD) prepares a special report, referred to as the CHAS report, that identifies cost burdens by household type and whether they are renters or owners, offering the following breakdown of households within income categories.

**Table 3-24
Type of Households by Income Category and Cost Burdens*
2000**

Type of Household	Households Earning < 30% MFI/# with cost burdens	Households Earning > 30% But < 50% MFI/ # with cost burdens	Households Earning > 50% But < 80% MFI/# with cost burdens	Households Earning > 80% MFI/# with cost burdens	Total/# with cost burdens
Elderly Renters	72/29	45/20	10/0	0/0	127/49
Small Family Renters	4/0	4/4	0/0	30/0	38/4
Large Family Renters	0/0	0/0	0/0	0/0	0/0
Other Renters	10/10	10/0	0/0	4/0	24/10
Total Renters	86/39	59/24	10/0	34/0	189/63
Elderly Owners	10/10	54/34	58/14	219/4	341/62
Small Family Owners	8/4	10/10	35/35	510/75	563/124
Large Family Owners	0/0	4/4	10/0	125/42	139/46
Other Owners	0/0	4/4	0/0	60/20	64/24
Total Owners	18/14	72/52	103/49	914/141	1,107/256
Total	104/53	131/76	113/49	948/141	1,296/319

Source: U. S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, 2000.

MFI indicates median family income.

* Cost burdens indicate that households are spending more than 30% of their income on housing. The CHAS data also provides data on those spending more than 50% of earnings on housing.

This data indicates the following:

- There were 155 renter households and 193 owner households earning at or below 80% of area median income in 2000 for a total of 348 households, representing 26.8% of all households. Consequently, based on this income information, more than one-quarter of Wenham’s households would likely have qualified for housing assistance in 2000 as their incomes were at or below 80% of area median income, defined by the U.S. Department of Housing and Urban Development (HUD) as \$50,200 for a family of four.²⁰
- There were 104 total households who earned at the extremely low-income end of the range of at or below 30% of area median income, another 131 earning between 30% and 50% of area median income, referred to as very-low income by HUD, and another 113 households who earned between 50% and 80% of area median.

²⁰ While these households’ incomes might be at or below 80% of area median income, many households are likely to have assets that are more than the allowable state or federal standards that would disqualify them from housing assistance.

- One-third of all renters were spending more than 30% of their incomes on housing expenses, all 63 renters earning within 50% of area median income.
- Sixty percent (60%) of those owners earning at or below 80% of area median income were spending too much on housing.
- Almost 40% of elderly renters were in fact spending more than 50% of their income on housing, all earning within 50% of area median income.
- All ten elderly owners earning within 30% of area median income were spending more than 50% of their income on housing.

Because housing costs have significantly escalated since 2000, it is likely that many of these households, who are not living in assisted housing, are experiencing even greater cost burdens or have been forced to move to a more outside of the community for more affordable living conditions.

3.5 Subsidized Housing Inventory

The state lists 116 affordable housing units in the current state-approved Subsidized Housing Inventory, 8.9% of the total year-round housing stock in Wenham. Therefore, the town needs to produce only about 15 more affordable units to reach the state’s 10% goal based on the existing housing stock without consideration of growth.

The Buildout analysis that was performed by the state’s Executive Office of Environmental Affairs guidelines in 2000, projected that the town of Wenham could support an additional 1,053 housing units based on current zoning. This analysis indicates that in order to meet the 10% state standard the projected population growth would require more than 100 units of affordable housing over and above the 15 units now required based on the 2000 year-round housing unit. Based on past affordable housing development patterns, this goal is ambitious and will require a considerable investment of public and private resources, changes to current zoning requirements, and ample political will. Better planning to guide development towards the most appropriate “smart” locations will make an important difference in how the town will ultimately be developed.

To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households through affordability restrictions. Wenham has actually made substantial progress towards meeting the 10% state threshold, as has many of its neighbors, as indicated in Table 3-25.

**Table 3-25
Level of Affordable Housing, Wenham and Neighboring Communities**

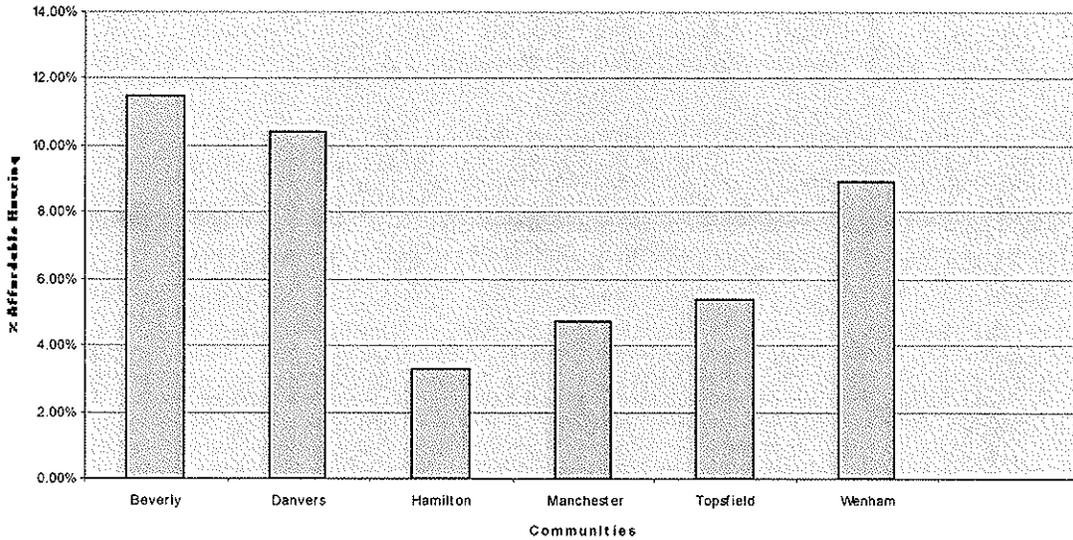
Town	# Year-round units	# Affordable Units	% Affordable Units
Beverly	16,150	1,859	11.5
Danvers	9,712	1,007	10.4
Hamilton	2,717	90	3.3
Manchester	2,219	105	4.7
Topsfield	2,126	114	5.4
Wenham	1,310	116	8.9

Source: Massachusetts Department of Housing and Community Development, June 1, 2006

Both Beverly and Danvers have surpassed the 10% state goal and Wenham is very close. Hamilton, Manchester and Topsfield are lagging well behind. This data is also presented graphically in Figure 3-5.

Figure 3-5

Level of Affordable Housing



3.5.1 Current Inventory

As mentioned above, of the 1,310 year-round housing units, the state currently counts 116 units, or 8.9%, as part of Wenham’s Subsidized Housing Inventory. These developments are summarized in Table 3-26.

**Table 3-26
Wenham’s Subsidized Housing Inventory**

Project Name	Type	Affordable Units	Affordability Expires	Built with a 40B permit	Subsidizing Agency/ Management Entity
Enon Village	Rental	84	Perpetuity	No	DHCD
Enon Village	Rental	8	Perpetuity	No	DHCD
Parsons Hill	Ownership	12	2044	No	DHCD
Group Homes	Special Needs Rental	12	NA	No	DMR
TOTAL		116			

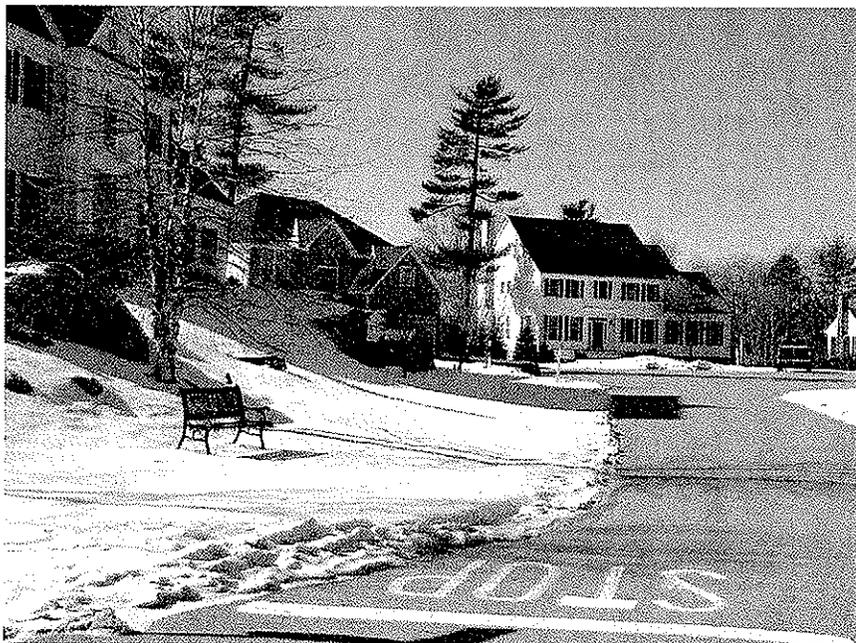
Source: Massachusetts Department of Housing and Community Development, August 17, 2006.

About 80% of these units, 92 units at *Enon Village* (see photo below), are located on 26 acres off Larch Row and owned and operated by the Wenham Housing Authority. The first phase of Enon Village was built in 1976 for qualifying seniors over the age of 60 and disabled individuals with 84 one-bedroom apartments. In addition, the state’s Department of Mental Retardation (DMR) staffs two houses on the property for eight medically frail residents. While these developments were financed by the state, including some modernization funding for new windows and a septic system, the Wenham Housing Authority receives no operating funds from the state, using rental income to cover all of its expenses.

Each year there have been about between five and twelve vacancies in the senior complex, and about one-third have been filled by existing Wenham residents. Wenham residents typically wait six months or less for a unit, however waits for those living outside of Wenham can extend to more than a year.



Parsons Hill (photo below) was built in 1995 adjacent to Gordon College as a subdivision of 65 housing units including 12 that are affordable in perpetuity. The units were developed as duplex condominiums and range in size from two to four bedrooms. The Wenham Housing Authority was involved in coordinating the marketing and lottery for the affordable units. Since then, Gordon College has been responsible for the four units they own in the development, making sure that the affordability restrictions are enforced. The Wenham Issues of Social Service & Housing Committee (WSSH), through the Town Administrator's Office, has been responsible for monitoring the affordability provisions of eight additional condos to insure that any turnover of units complies with the deed restrictions to maintain affordability. Thus far only two units at Parsons Hill have turned over, both of which are owned by Gordon College, one in 2002 and another in 2006. The average wait times for these Gordon College units has been approximately five years. In regard to the Town-designated condominium units, there has not been any turnover to date and there are currently six qualified applicants on the wait list.



The Subsidized Housing Inventory also includes *group homes* sponsored by the state's Department of Mental Retardation, accounting for 12 units.

For more information on the Wenham Housing Authority, WSSH and other important local and regional organizations involved in housing, see Appendix 2.

3.5.2 Proposed Projects

There are two proposed residential housing developments that are planned to incorporate affordable housing including:

The *Dearborn Property* will include three (3) affordable single-family homes as part of an agreement reached between the Wenham Planning Board and Windover, the developers of The Boulders development on Main Street. Windover will work with the Cape Ann Habitat for Humanity and Town of Wenham to not only create new affordable housing for first-time homebuyers but to also provide an opportunity for the Town to control a 17.55-acre parcel of land adjacent to Wenham Lake (four of the acres are located in Beverly, the rest in Wenham). The process of developing these houses includes:

- Windover will donate \$703,000 for the purchase of the parcel at 34 Topsfield Road from the current owner, National Grid.
- Following the purchase of the property, the Town will donate a portion of the land, not to exceed three acres, to Cape Ann Habitat for Humanity. The Town will place the remaining land under a permanent conservation restriction.
- With assistance from Windover, Habitat will manage all aspects of the housing development and construction process including the coordination of all activities related to soliciting volunteers, in-kind donations of labor, materials and professional services for the completion of the project.
- Habitat for Humanity will also oversee the purchaser selection process and insure that all three units meet state affordability requirements to be counted in the Subsidized Housing Inventory.

A Special Town Meeting was held on January 22, 2008, which authorized the Board of Selectmen to proceed with the purchase of the 13 acres and to negotiate the transfer of three (3) acres to Habitat for Humanity. Follow-up discussions with the current owners of the property, National Grid, are in process. Once a formal deal has been reached, the Town will focus on the Habitat component of the project.

Another development, *The Residences at Old Burley Village*, involves a comprehensive permit project for the construction of 20 two-bedroom condominiums in ten duplex buildings on 7.2 acres in the southwest corner of Wenham at 70 Burley Street. The project, to be developed by Philip Singleton, includes five (5) affordable units. The Zoning Board of Appeals approved the comprehensive permit in July 2004 with a number of conditions including the requirement of access through Lester Road in Danvers. The developer appealed the conditions to the state's Housing Appeals Committee, which eventually found in favor of the Town. There may be additional opportunities to develop the site for mixed-income housing in the future.

The Town has entered into very preliminary discussions regarding the development of a Continuing Care Retirement Community on the Mullen estate that would include some affordable rental housing as well as a Smart Growth Overlay District spanning the Hamilton/Wenham line.

3.6 Gaps Between Existing Housing Needs and Current Supply

As the affordability analysis indicates in Section 3.4 above, significant gaps remain between what most current residents can afford and the housing that is available. In fact the current housing market, is becoming increasing outside the means of those earning median income and low- and moderate-income households are virtually shutout. Given this situation, it is likely that some current Wenham residents such as renters, first time homebuyers and the elderly will no longer be able

to afford to live in Wenham even though they may have lived in the community for quite some time. Given that many municipal workers have incomes well within 80% of area median income, many local employees, including those who provide essential services, are effectively priced out of the market in Wenham.

There are a number of key indicators that suggest there are significant local needs for affordable housing that go beyond what is required to meet the 10% state goal including:

1. Households with Limited Incomes

- Despite increasing household wealth, there still remains a population living in Wenham with very limited financial means. Of the 1,285 total households counted in 1999, 54 or 4.2% had incomes of less than \$10,000 and another 179 or 14.0% had incomes between \$10,000 and \$24,999, representing extremely low-income levels. *There were 233 households within these lower income categories in 2000 or almost 20% of all Wenham households, not an insignificant number given the general affluence of the community.*
- There were 155 renters and 193 owners, for a total of 348 households representing 26.8% of all households, who would have likely qualified for housing assistance as their incomes were at or below 80% of area median income defined by the U.S. Department of Housing and Urban Development (HUD) or \$45,200 for a family of three in 2000.²¹
- *In 1999, there were 115 individuals and 11 families living below the poverty level. More than one-quarter of the individuals below the poverty level were 65 years of age or older.*
- One-third of all renters were spending more than 30% of their incomes on housing expenses, all of who were earning within 50% of area median income.
- Sixty percent (60%) of those owners earning at or below 80% of area median income were spending too much on housing.

Needs: *Given the high costs of housing, more subsidized rental housing is necessary to make living in Wenham affordable, particularly for those described above who have very limited financial means.*

Goal: **About half of all new affordable units created should be rentals.**

2. Gaps in Affordability and Access to Affordable Housing

- *About 23% of all Wenham households, or 290 households, were living in housing that by common definition was unaffordable.*
- There are only 40 homes that are currently assessed for under \$285,000 that are affordable to those earning the HUD area median income of \$82,400.
- There are no longer homes available in Wenham for under \$200,000 that would be affordable to low- and moderate-income households, and even homes for less than \$300,000 are extremely scarce.
- It is likely that almost 60% of Wenham's households have insufficient income to afford the median sales price of \$485,500 based on adjusted income data and conventional lending terms. Also, only two homes have sold since January of 2006 for less than \$374,000 or what a household earning at the adjusted median income could afford.
- The affordability gap is about \$111,500 - the difference between the price of the median priced home and what a median income household can afford. The affordability gap increases to \$291,500 if the analysis focuses on those low and moderate-income households earning at or below 80% of area median income, or \$59,550 for a family of three (the average household size is 2.70 persons in Wenham)

²¹ While these households' incomes might be at or below 80% of area median income, many households are likely to have assets that are more than the allowable state or federal standards that would disqualify them from housing assistance.

- The median price of a condo sold in 2007 was more than \$900,000, likely out of reach for many if not most seniors looking to downsize and remain in the community.
- Local real estate listings indicate that there is nothing listed in the rental market for less than \$1,500, requiring an income of about \$60,000 based on a household spending no more than 30% of its income on just the rent. When considering additional housing-related expenses such as utilities, the required income goes up still further for the unit to meet the 30% of income test.
- There are only a handful of subsidized units available to families in Wenham.
- Demographic trends suggest that escalating housing costs may be pricing younger individuals and families out of the housing market as those entering the labor market and forming new families have been dwindling in numbers, reducing the pool of entry level workers and service employees as well as forcing the grown children who were raised in town to relocate outside of Wenham. For example, the population age 25 to 34 decreased by 37%, from 421 residents or 10.8% of the population in 1980 to 265 and 6% of all residents in 2000. Given higher home prices, this trend has likely continued.
- Population projections suggest that those in the household formation years of 20 to 29 will increase by approximately 368 residents by 2020, supporting the need for some first-time homebuyer options that are affordable to those who do not have equity from a previous house to enable them access to the private housing market.

Needs: *Wider range of affordable housing options, including first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families, as well as affordable condominiums for empty nesters and seniors.*

Goal: **About half of all new affordable units created should be directed to homeownership, either small starter homes or affordable condominiums.**

3. *Disabilities and Special Needs*

- Of the 2000 population age 5 to 20 years old, 51 or 3.4% had some disability, and of the population age 21 to 64, 283 or 13.6% claimed a disability, but 58.3% of this group was employed leaving more than 40% who were unemployed, likely due to disability.
- In regard to the population 65 years of age or older, 207 or 32.8% claimed some type of disability.
- Almost 40% of elderly renters were in fact spending more than 50% of their income on housing, all earning within 50% of area median income.
- All ten elderly owners earning within 30% of area median income were spending more than 50% of their income on housing.
- Wenham residents typically wait approximately six months for a small one-bedroom unit at Enon Village, while those living outside of Wenham wait well past a year. About one-third of the units are filled by Wenham residents.
- Population projections estimate that the population of seniors age 65 to 74 will more than double from 2000 to 2030, and those frail seniors over the age of 75 should increase by 42% during the same time period, suggesting some need for smaller units, assisted living options in particular.

Needs: *Some amount of new housing should be built adaptable or accessible to the disabled and seniors need housing with supportive services.*

Goal: **10% of all new affordable units created should be made handicapped accessible and some should include on-site support services.**

4. *Housing Conditions*

- Almost two-thirds of Wenham's housing stock, 853 units or 64.6%, was built prior to 1970, and is likely to have traces of lead-based paint, posing safety hazards to children. Some of these aging units are also likely to have deferred maintenance needs.
- The Town has no sewer services and residents must rely on septic systems, some of which may be failing.

Needs: Resources to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, and repair needs of the elderly living on fixed incomes, should continue to be made available.

Goal: Continue to help qualifying households access assistance to make necessary home improvements.

There is therefore a sizable population of those who are seniors, have special needs and/or have very low incomes who have significantly reduced capacity to secure decent, safe and affordable housing in Wenham. A broader range of housing options is required to meet these varied needs.

4.0 OBSTACLES TO DEVELOPMENT AND MITIGATION MEASURES

While Section 3.6 demonstrates a significant need for more affordable housing, Wenham, like almost all communities in the Commonwealth, is faced with significant challenges in creating this new housing due to a number of factors that are described below. This Housing Production Plan includes measures to overcome these strategies that are also outlined in the following section.

4.1 Infrastructure

Challenges

A major constraint and cost factor for new development relates to infrastructure, particularly the lack of sewer services throughout town that requires septic systems or special treatment facilities. This situation is exacerbated by the considerable amount of wetlands in town. Consequently, any new development is prone to generate local concerns about ground capacity and environmental impacts. The Town does, however, provide municipal water services to all areas of Wenham so residents do not have to rely on wells.

Mitigation Measures

It will be important for any new affordable housing development to address infrastructure constraints, septic issues in particular, and insure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment. Also, at some point in the future the Town should consider providing municipal sewer services in some areas of town where growth could better be directed. For example, areas bordering Beverly and Hamilton that are in close proximity to commuter rail and commercial uses should be studied for possible new infrastructure development. There have been joint discussions of leaders in Wenham and Hamilton about the possibility of a 40R smart growth overlay district targeted to the area surrounding the Hamilton commuter rail station that would include a considerable amount of property in Wenham, including the potential expansion site for Enon Village (see strategy 7.2.6). Another possible consideration for the development of sewer services would be the Town Center at some time in the future.

4.2 Zoning

Challenges

As is the case in most American communities, a zoning bylaw or ordinance is enacted to control the use of land including the patterns of housing development. Like most localities in the Commonwealth, Wenham's Zoning Bylaw embraces zoning that maintains low housing densities in its residential areas that constrains the construction of affordable housing. Those sections of the Protective Zoning Bylaw that are particularly relevant to affordable housing are summarized below:

- Wenham has one residential zoning category with a *minimum lot size of 40,000*, exclusive of wetlands. Only detached single-family homes are permitted which cannot occupy more than 35% of the lot area. Dimensional requirements include at least a 170-foot frontage and 100 feet between the side lot lines. Set-backs must be at least 20 feet in the front and rear yards, 15 feet in the case of side yards.

- *Accessory apartments* are allowed by special permit issued by the Board of Appeals. Accessory apartments must be within or attached to an existing single-family home that is owner-occupied and cannot exceed 35% of the floor area of the principle structure, 1,000 square feet and two-bedrooms. These requirements become less restrictive if the applicant can demonstrate that the tenant meets eligibility criteria under Chapter 40B such as insuring that the tenant has an income at or below 80% of area median and enters into a deed restriction to promote long-term affordability, all of which must be approved by the Board of Appeals. There are currently 24 permitted accessory apartments in Wenham, none of which have qualified as affordable.
- There is also an *Elder Housing District* that requires a special permit from the Planning Board of a site plan for the development of multi-family housing for the elderly (age 55 or over) that will be owned and controlled by a non-profit, cooperative housing corporation, or the Town or Wenham Housing Authority. Nonelderly housing is also allowed within the district if at least 30% of the units are set-aside for seniors, referred to as Elder Housing Incentive Development, however the size of the parcel must be substantially larger, at 35 acres instead of 7.5 acres and at least 15% of the units must be affordable to low- and moderate-income occupants meeting Chapter 40B requirements. Density can be no greater than seven (7) units per acre exclusive of wetlands for elderly housing, 3.5 units per acre for the mixed Elder Housing Incentive Development. The Maples on Main Street and The Boulders were created as Elder Housing Districts.
- *Residential Open Space Communities (ROSC)* are defined in the Bylaw as “a residential development in which the building or buildings are clustered together into one or more groups. The land not included in building lots and roads shall be permanently preserved as open space”.²² This provision adheres to smart growth principles that promote the more efficient use of land and preserve the rural character of the town. The bylaw further states that development within a five-year period involving the creation of three or more lots, where at least three of the lots are less than ten acres exclusive of wetlands and floodplain area, constitutes a ROSC unless each of the lots is at least ten acres or at least two acres and will not be further subdivided, or unusual conditions preclude the development as a ROSC. ROSC are approved under a special permit of the Planning Board. Only single-family detached units can be built on any lot but attached dwellings may be allowed if the attached unit is affordable. The same number of units is allowed as would be under a conventional subdivision but maximum density can be 15% higher if at least 10% of the units are affordable and can be 33% higher if at least 15% of the units are affordable. The bylaw also includes an inclusionary provision that requires that at least 10% of the units be affordable on projects with ten or more lots. At least 20% of the land, exclusive of wetlands, flood plain, roads and driveways, must be preserved as open space held in common ownership. This bylaw was used for the development of the Parsons Hill that included 12 affordable homeownership units.

Mitigation Measures

This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations, making them “friendlier” to the production of affordable housing and smart growth development. These include adding inclusionary zoning, further modifying accessory apartment provisions, encouraging more flexible clustered zoning, and allowing affordable housing on noncomplying lots (see Section 7.2).

4.3 Environmental Concerns

Challenges

Wenham has rich environmental and cultural resources such as its woodlands, stonewalls, ledge outcroppings, scenic vistas, and numerous agricultural and historical sites. Within Wenham’s boundaries lie tracts of open land that remain from an agrarian past, some of which were converted to country estates in the second half of the 19th Century, while others remain farms or have been protected as conservation land, and several others that have in fact been redeveloped as golf courses. These resources are

²² Wenham’s Protective Zoning Bylaw, Section XVIII.

significant for conservation and recreational interests but are still subject to intense pressure for residential development.

The town has had a history of preserving land to enhance its semi-rural character. The Hamilton-Wenham Land Trust, The Trustees of Reservations, Mass Audubon Society and the Essex County Greenbelt Association have all been active in maintaining open space. To date, almost 1,500 acres of land has been permanently preserved to maintain the town's open space character and conserve important ecosystems. The following is a partial inventory of Wenham's open space that amounts to more than two thousand acres:²³

- There are 585 acres that are permanently protected conservation land publicly owned by the Wenham Conservation Commission, Beverly Conservation Commission, Wenham Water Department, Salem-Beverly Water Supply Board, and the Massachusetts Department of Environmental Management.
- Wenham has 609 acres of permanently protected conservation land that is privately owned by The Trustees of Reservations, Mass Audubon Society, Essex County Greenbelt Association, and the Hamilton-Wenham Open Land Trust.
- There are 277 acres with a permanent Conservation Restriction on six estates and 44 acres at Parson's Hill.
- The town has 291 acres of agricultural and forestry land on nine farms and two additional properties under the temporary protection of Chapter 61A tax classification.
- Another 93 acres of recreational land on two golf courses are under the temporary protection of the Chapter 61B tax classification.
- Wenham has 39 acres of undeveloped Town-owned land that does not have any current protection from development.
- An additional 80 acres of Town-owned property are at least partially used for other purposes but largely open space and unrestricted (i.e., soccer fields, ropes course, Boy Scout barn).
- Other undeveloped properties include 24 acres in playgrounds and a seven-acre cemetery.
- A 36-acre airport site and 318-acre Gordon College also include significant amounts of open space.

Wenham's inland water resources consist of rivers, streams, ponds and wetlands including Miles River and Wenham Lake. These important natural resources supply habitats for insects, fish and amphibians that in turn provide food for birds and mammals. Wenham has in fact a large variety of native wildlife such as birds, small mammals, amphibians, fish and reptiles. Their habitats include wetlands, vernal pools, woodlands, transitions between woods and fields, and other natural areas, which provide forage for species that subsist on the vegetation and other wildlife. No recent inventory of the wildlife of the entire town has been made, but the Massachusetts Natural Heritage and Endangered Species Program (MNHESP) maintains information on rare and endangered wildlife species and has identified a number of such species in Wenham in these important and vulnerable habitats.

The field data presented in Table 4-1 represents the most recent observation of rare or endangered species in town. However, because their rarity, many MESA-listed species are difficult to detect even when they are present. Natural Heritage does not have the resources to be able to conduct methodical species surveys in each town on a regular basis. Therefore, the fact that the 'Most Recent Observation' recorded for a species may be several years old should not be interpreted as meaning that the species no longer occurs in a town. However, Natural Heritage regards records older than twenty-five years as historic.

²³ Town of Wenham, Community Preservation Plan, Open Space.

**Table 4-1
Rare and Endangered Species in Wenham**

Taxonomic Group	Scientific Name	Common Name	MESA Status	Federal Status	Most Recent Observation
Amphibian	Ambystoma laterale	Blue-spotted Salamander	SC		1997
Mussel	Ligumia nasuta	Eastern Pondmussel	SC		Historic
Reptile	Glyptemys insculpta	Wood Turtle	SC		1900
Reptile	Terrapene carolina	Eastern Box Turtle	SC		2004
Vascular Plant	Scheuchzeria palustris	Pod-grass	E		Historic
Vascular Plant	Potamogeton vaseyi	A Pondweed	E		1878
Vascular Plant	Platanthera flava var herbiola	Pale Green Orchis	T		1887
Vascular Plant	Goodyera repens	Dwarf Rattlesnake-plantain	E		Historic

Source: Massachusetts Natural Heritage and Endangered Species Program. E= Endangered, T=Threatened and SC=Special Concern.

Vernal pools are small ponds that dry up in the summer but reappear each spring in the same location. They are essential for the breeding of salamanders and certain other species. Through a process of certification with MNHESP, these ponds are provided with extra levels of protection pursuant to several environmental regulatory programs, including the Wetlands Protection Act, Surface Water Quality Standards and Title V. Six (6) vernal pools have been certified in Wenham.

It should also be noted that a significant amount of land in Wenham is wetlands and protected from development. The presence of these un-buildable areas has helped Wenham maintain its semi-rural character with woodlands woven into all areas of the town. The establishment of conservation land, recreation land and public and quasi-public open space offers further protection and reinforces the value of these unbuilt areas to residents. Both the use of open space and protected land for recreation and the value of these areas as a green backdrop for civic, commercial, and residential uses limits the amount of land on which new affordable housing can be easily developed.

State buildout projections prepared by the Executive Office of Environmental Affairs in 2001, suggest that Wenham had more than 50 million square feet of undeveloped land that can accommodate more than one thousand residential units even with the current zoning requirement of 40,000 square foot house lots. This suggests that approximately one-fifth of the land area is not developable, largely due to environmental constraints such as wetlands, flood plains and conservation restrictions.

Mitigation Measures

Housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as promoting accessory apartments, encouraging cluster development, converting existing housing to long-term affordability, and developing infill sites in existing neighborhoods by allowing nonconforming lots to be developed under certain circumstances (see Section 7.2 and 7.3 for details on these strategies).

4.4 Transportation

Challenges

Access to Wenham is primarily via Route 128 that provides east-west access, eventually joining Routes 1 and 95 that allow north to south access. The town is flanked by two commuter rail stations, one on the Hamilton border and another near its border with North Beverly, offering excellent access to public transportation. Nevertheless, three-quarters of Wenham's workers drove alone to work by car based on the 2000 census. Also, about 70% of all households had two or more vehicles.

Mitigation Measures

Any new housing development will have to assess the impacts on transportation, acknowledging the availability of public transportation within the context that the vast majority of residents rely heavily on their cars. The Town will have to pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. Opportunities to direct development to areas that are more conducive to higher densities, such as areas that border the commercial sections of North Beverly and Hamilton where commuter rail stations are available, may serve to reduce transportation problems somewhat.

4.5 School Enrollment

Challenges

State build-out projections for Wenham indicate that the school-age population should increase by another 474 children, however projections of the student population prepared by the Metropolitan Area Planning Council (MAPC) in January 2006 suggest that by 2030 the student population will have declined from a 1,474 students in 2000 to an estimated 1,386.

The Hamilton-Wenham Regional School District has in fact experienced recent declines in school enrollments. School enrollment projections prepared by the New England School Development Council, as of the end of 2006, indicated an out-migration at the K-1 transition which is a departure from past patterns that more typically included an in-migration of 9% between Kindergarten and first grade. Another notable finding was another out-migration between 8th and 9th grade when 20 students left, which is somewhat higher than in previous years and likely reflects a higher number of residents attending non-public schools in the 2006 school year.

Historic enrollment data is included in Table 4-2.

Table 4-2
Historic School Enrollments for the Hamilton-Wenham Regional School District
1996-97 Through 2006-07

Year	Total Enrollment	Difference	% Difference
1996-97	1,800	--	--
1997-98	1,883	83	4.6%
1998-99	1,912	29	1.5%
1999-00	1,936	24	1.3%
2000-01	1,983	47	2.4%
2001-02	2,046	63	3.2%
2002-03	2,121	75	3.7%
2003-04	2,080	-41	-1.9
2004-05	2,097	17	0.8%
2005-06	2,033	-64	-3.1%
2006-07	2,025	-8	-0.4%

Source: New England School Development Council, November 19, 2006.

Projections of school enrollments through to the 2011-2012 school year from the New England School Development Council are presented in Table 4-3.

Table 4-3
Projected School Enrollments for the Hamilton-Wenham Regional School District
2006-07 Through 2011-12

Year	Total Enrollment	Difference	% Difference
2006-07	2,025	--	--
2007-08	2,008	-17	-0.8%
2008-09	2,000	-8	-0.4%
2009-10	1,971	-29	-1.5%
2010-11	1,951	-20	-1.0%
2011-12	1,946	-5	-0.3%

Source: New England School Development Council, November 19, 2006.

These projections indicate downward trends in enrollments through the next few years.

Mitigation Measures

This Housing Production Plan recognizes the need for a wider range of affordable housing options in Wenham, including first-time homebuyer opportunities for young families. It is likely that this new development will not have a significant impact on school capacity, particularly in light of current and projected declining enrollments.

4.6 Availability of Subsidies

Challenges

Financial resources to subsidize affordable housing preservation and production as well as rental assistance have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources. In 2005 Wenham approved the creation of a Community Preservation Fund with funding support from the state for open space preservation and recreation, historic preservation and affordable housing production. These funds will make more than \$400,000 available per year, at least 10% of which must be directed to affordable housing activities. This funding will be helpful, but additional public and private technical and financial resources will be required to meet production goals and local needs.

Mitigation Measures

This Housing Plan provides guidance on the use of Community Preservation Funds for affordable housing initiatives that will enable the Town to support the production of new affordable units, hopefully at a level well above the minimum 10% contribution, and leverage other public and private funding sources. Moreover, like other communities on the North Shore, Wenham has access to federal HOME subsidies, administered by the North Shore HOME Consortium. In an effort to better manage and coordinate funding for affordable housing purposes, this Plan recommends that the Town use CPA funds to hire a Housing Coordinator (see Section 7.1.2 for details).

4.7 Community Perceptions

Challenges

Affordable housing, subsidized housing, low-income housing, projects, Section 8, etc. – these terms can conjure images of potential neglect, plunging property values, increased crime, and even tensions concerning class and race. On the other hand, with such high real estate prices, community perceptions are beginning to tilt towards the realization that affordable housing is needed in the community but maybe not perhaps in their neighborhood. More people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. It is this growing awareness, impending 40B developments, and some appreciation that affordable housing can be well designed and integrated into the

community, which are spurring communities such as Wenham to take a more proactive stance in support of affordable housing initiatives. Also, once residents understand that the Town will be able to reserve at least 70% of the affordable units in any new development for those who have a connection to Wenham, referred to as “community preference”, greater local support is typically more forthcoming.

Mitigation Measures

Wenham proposes launching an ongoing educational campaign to better inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, provide up-to-date information on new opportunities and to garner political support (see details on this strategy in Section 7.1.3). It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have opportunities for real input.

5. PROPERTY INVENTORY

The following information represents a work in progress that will be fine-tuned on an ongoing basis in coordination with other Town boards and committees.

5.1 Public Properties

Table 5-1 lists some properties that are owned by the Town or the Wenham Housing Authority that may be suitable for some amount of affordable housing development. There may be an opportunity to package parcels in close proximity as a single development through a Request for Proposals (RFP). At some point in the future, other publicly-owned properties may also be identified as possibly appropriate for such development but are not considered in this Housing Production Plan.

**Table 5-1
Publicly-owned Properties with Possible Potential for Affordable Housing Development**

Parcels	Map #/ Parcel #	Size of Parcel	Estimated # Housing Units/Aff. Units	Comments
Additional land at Enon Village	20/7	24.6	24/24	Owned by Housing Authority adjacent to existing HA development
288 Topsfield Rd.	4/1	30,056 sq. ft.	3/3	
215 Topsfield Rd.	15/29	40,075 sq. ft.	4/2	
24 Friend Ct.	19/36	24,394 sq. ft.	2/2	Adjacent to a golf course
9 Hilltop Dr.	35/57	39,640 sq. ft.	4/2	In same area as 3 and 5 Enon Rd
3 Enon Rd.	35/3	43,124 sq. ft.	4/2	
5 Enon Rd.	35/4	42,689 sq. ft.	4/2	
Pleasant St.	7/59	9,148 sq. ft.	2/2	In same area as Lake Ave./ Fairview parcel
Lake Ave/Fairview	7/53	5,800 sq. ft.	1/1	

In addition to currently owned Town parcels, the Town of Wenham may decide to acquire privately owned sites in the future for the purposes of protecting open space and developing some amount of housing, including affordable housing. Smaller sites may be available as well to build affordable new starter homes on an infill basis. Some limited opportunities may also be available through the taking of tax-foreclosed properties for affordable housing. Moreover, there may be opportunities to purchase existing properties for conversion to long-term affordability as described in strategy 7.3.3.

5.2 Private Properties

It is also likely that developers will continue to pursue comprehensive permit applications or the standard regulatory process for affordable housing development, and it will be incumbent on the Town to determine the best approach for guiding new development to more appropriately satisfy local needs and requirements. One of the strategies recommended in this Housing Production Plan is to prepare Housing Guidelines (see strategy 7.2.3) that establish general local criteria for new housing development, and another is to reach out to developers to promote development opportunities in line with local priorities (see strategy 7.3.2). There may even be opportunities to partner with Gordon College on new housing development as the College owns a considerable amount of property in Wenham. There is some precedence for doing this given the Parsons Hill development where the College provided some land and was able to secure four housing units for its own needs. Another possible opportunity involves working with Deaconess Abundant Life on the potential development of a Continuing Care Retirement Community on the Mullen Advertising property to integrate some amount of affordable housing through CPA subsidies and other cooperative arrangements.

Additionally, the Town should become alert to opportunities for acquiring property that would be suitable for some amount of affordable housing. Ideally such properties would meet a number of smart growth principals such as:

- The redevelopment of existing structures,
- Large enough to accommodate clustered housing,
- Good carrying capacity for septic systems or can accommodate special treatment facilities,
- Buffer between adjacent properties, and
- Located along a major road or in closer proximity to transportation and services.

6. HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) administered the Planned Production Program since December 2002, in accordance with regulations that enabled cities and towns to prepare and adopt Housing Plans that demonstrated the production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.²⁴ If DHCD certified that the locality had complied with its annual goals or that it had met two-year goals, the Town could, through its Zoning Board of Appeals, deny comprehensive permit applications without opportunity for appeal by developers for one or two-years, respectively.

Recently adopted changes to Chapter 40B have established some new rules.²⁵ For example, Planned Production Plans are now referred to as Housing Production Plans. Moreover, annual goals changed from 0.75% of the community's year-round housing stock, translating into 11 units per year or 22 units over two years for Wenham, to 0.50% of its year-round units, meaning that Wenham will have to now produce at least seven (7) affordable units annually to meet production goals through 2010. When the 2010 census figures become available in 2011, this number will be somewhat higher.

Using the strategies summarized under Section 7, the Town of Wenham has developed a Housing Production Program to chart affordable housing activity over the next five (5) years. The Town will be able to update the Plan after or even before the five years elapse. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

²⁴ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

²⁵ Massachusetts General Law Chapter 40B, 760 CMR 56.00.

- To the greatest extent possible, at least fifty percent (50%) of the units that are developed on publicly-owned parcels should be affordable to households earning at or below 80% of area median income – the **affordable units** – and at least another 10% affordable to those earning up to 120% of area median income – **moderate-income “workforce” units** – depending on project feasibility. The rental projects will also target some households earning at or below 60% of area median income and lower depending upon subsidy program requirements.
- Projections are based on no greater than four (4) units per acre given that municipal sewer services are not available at this time. However, given specific site conditions and financial feasibility it may be appropriate to decrease or increase density as long as projects are in compliance with state Title V and wetlands regulations.
- Because housing strategies include some development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or possibly the “friendly” comprehensive permit process. The Town will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to 30% of total project units to the greatest extent feasible. Additional subsidies can also be sought to increase the number of affordable units including CPA and HOME funds.
- The projections involve a mix of rental and ownership opportunities. The Town will work with developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors and other individuals with special needs to offer a wider range of housing options for residents per the identified priority housing needs in the Housing Needs Assessment (see Section 3).

Table 6-1 Wenham Housing Production Program*

Strategies by Year	Units < 80% AMI	Units 80%-120% AMI	Total # units
Year 1 – 2009			
Dearborn property/Habitat Homes/ Homeownership	3	0	3
Nothing else pending at this time			
<i>Subtotal</i>	<i>3</i>	<i>0</i>	<i>3</i>
Year 2 – 2010			
Conversion of existing housing/ homeownership	4	0	4
Private development	4	1	12
<i>Subtotal</i>	<i>8</i>	<i>1</i>	<i>16</i>
Year 3 – 2011			
Expansion of Enon Village/rental	24	0	24
Residences at Old Burley Village/ homeownership	5	2	20
<i>Subtotal</i>	<i>29</i>	<i>2</i>	<i>44</i>
Year 4 – 2012			
Covered under Year 3			
Year 5 – 2013			
Development of Town-owned property	5	0	7
Conversion of existing housing/group home for special needs residents	4	0	4
Housing on nonconforming lots/owner- occupied two-family house with a rental unit	2	0	2
Inclusionary zoning/private development	6	2	24
<i>Subtotal</i>	<i>17</i>	<i>2</i>	<i>37</i>
Total	57	5	100

Total = 57 affordable units (for those earning at or below 80% of area median income), 5 workforce units (for those earning between 80% and 120% of area median), and 38 market units with a total projected number of housing units created of 100 units.

** Final determination of the use of existing Town-owned parcels for new affordable housing is subject to a more thorough feasibility analysis of site conditions and Town Meeting approval. If any of the preliminarily identified existing Town-owned properties are finally determined infeasible or do not obtain approval from Town Meeting, it is anticipated that the projected numbers of affordable units would be met through the acquisition of privately owned properties or private development.*

Currently there is a 15-unit gap between existing affordable units (116) and 10% of the Town's year-round housing units (131 units). This gap will increase when the new census figures become available in 2010. If the Town were to meet each of its annual production goals, obtaining certification each year, it would most likely reach the 10% state threshold sometime within the next several years.

7. HOUSING STRATEGIES

The strategies outlined below are based on the Housing Needs Assessment, local housing goals and priorities as well as the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed –Building Local Capacity, Planning and Regulatory Reforms, Housing Production, and Housing Preservation – and categorized by level of priority – as either Priority 1 or 2 actions. Priority 1 actions are those that will begin within the next two years, most of which will involve some immediate actions. Those strategies listed as Priority 2 actions involve focused attention after the next couple of years, working towards implementation after Year 2 but before Year 5. A summary of these actions is included in Appendix 1. Additionally, definitions of terms that relate to affordable housing are included in Appendix 3.

The strategies also reflect the recent changes to state Housing Production requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:²⁶

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
 - Explore the adoption of 40R/40S (see strategy 7.2.6)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
 - Allow starter housing on nonconforming lots (see strategy 7.2.4)
 - Support private development in line with local guidelines (see strategy 7.3.2)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
 - Adopt inclusionary zoning (see strategy 7.2.1)
 - Adopt Housing Guidelines (see strategy 7.2.3)
 - Encourage more flexible cluster zoning (7.2.2)
 - Promote accessory apartments (see strategies 7.2.5)
 - Convert existing housing to affordability (see strategy 7.3.3)
 - Support private development in line with local guidelines (see strategy 7.3.2)
- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
 - Make suitable public land available for affordable housing (see strategy 7.3.1)
- *Participation in regional collaborations addressing housing development*
 - North Shore HOME Consortium (see strategy 7.1.4)
 - Homebuyer counseling and other homebuyer services (see strategy 7.1.4)

²⁶ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

It will be important to also insure that affordable units produced through this Plan get counted, to the greatest extent possible, as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state's Department of Housing and Community Development (DHCD) if another state or federal housing subsidy is not used. In addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are being developed through some local action including:

- Zoning-based approval, particularly inclusionary zoning provisions and special permits for affordable housing;
- Substantial financial assistance from funds raised, appropriated or administered by the city or town; or
- Provision of land or buildings that are owned or acquired by the city or town and conveyed at a substantial discount from their fair market value.

In order to be counted as part of the Subsidized Housing Inventory the units must meet the following criteria:

- A result of municipal action or approval;
- Sold or rented based on procedures articulated in an affirmative fair marketing and lottery plan approved by DHCD;
- Sales prices and rents must be affordable to households earning at or below 80% of area median income; and
- Long-term affordability is enforced through affordability restrictions, approved by DHCD.

Additionally, a Subsidized Housing Inventory New Units Request Form must be submitted to DHCD to insure that these units get counted.

Some of the important tasks for insuring that the affordable units, now referred to as Local Action Units (LAU's), meet the requirements of Chapter 40B/LIP include:

- Meet with the developer to discuss requirements for insuring that the unit(s) meets the requirements for inclusion in the Subsidized Housing Inventory through the state's Local Initiatives Program (LIP).
- Determine the purchase price based on LIP Guidelines.
- Contact DHCD to discuss the project.
- Prepare a LIP Local Action Units application submitted by the municipality (chief elected official).
- Identify a marketing agent to conduct outreach and the lottery.
- Execute a regulatory agreement to further insure long-term affordability between the developer, municipality and DHCD.
- Prepare a Fair Housing Marketing Plan.
- Prepare a Purchaser Application and implement the Marketing Plan.
- Hold at least one information session about the lottery.
- Approve applicants for eligibility in the lottery.
- Prepare a letter to those eligible for inclusion in the lottery and another to those who do not qualify.
- Conduct the lottery.²⁷
- Work with winning applicants and lenders to secure mortgage commitments.

²⁷ Up to 70% of the affordable units in most developments can be reserved for those who have a connection to the community, "community preference units", including current residents, children and parents of residents, employees of the Town of Wenham and any of its departments or authorities, and employees of any business located within Town boundaries.

- Obtain the deed rider and Resale Price Certificate from DHCD that requires the loan commitment letters, purchase and sale agreements, and contact info for the closing attorneys.
- Work with lenders and the developer to close on the units.
- Submit necessary documentation to DHCD to have the unit counted as part of the Subsidized Housing Inventory.
- Annually recertify the continued eligibility of affordable units.

A designated municipal employee, the Housing Authority or a consultant should be identified to coordinate this work (see strategy 7.1.3). The affordability restrictions for all units produced through the Local Initiative Program will be monitored by DHCD, but it is the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions.

It should be noted however, that a major goal of this Plan is not only to strive to meet the state's 10% goal under Chapter 40B, but to also to serve local needs and there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples include the promotion of accessory apartments or workforce housing for those earning between 80% and 120% of area median income).

Within the context of these compliance issues, local needs, existing resources, affordability requirements and the goals listed in Section 2 of this Plan, the following housing strategies are offered for consideration. ***It is important to note that these strategies are presented as a package for the Town to consider, prioritize, and process, each through the appropriate regulatory channels.***

7.1 Capacity Building Strategies

In order to carry out the strategies included in this Housing Production Plan and meet production goals, it will be important for the Town of Wenham to build its capacity to promote affordable housing activities. This capacity includes gaining access to greater resources – financial and technical – as well as building local political support; developing partnerships with public and private developers, lenders and other local entities; and creating and augmenting local organizations and systems that will support new housing production.

It will still a challenge for Wenham to meet the prescribed annual affordable housing production goal of seven (7) units, based on 0.50% of the town's year-round housing stock,²⁸ that will likely increase after the next decennial census count becomes available. Housing growth will continue to drive-up the 10% goal.

Specific actions to help build local capacity to meet local housing needs and production goals are detailed below. While these strategies do not directly produce affordable units, they provide the necessary support to implement a proactive housing agenda that ultimately will produce new units.

It should also be noted that the Town is developing a process for streamlining the project review process to provide useful feedback to developers on their proposals early in the project planning phase from all relevant Town boards, committees and departments, to promote better communication and coordination on development proposals among these Town entities, and to track all negotiated mitigation measures based on Town imposed mitigation policies. As such the Town has created a Plan Review Committee Meeting Series where representatives from all appropriate Town departments come together on a routine basis to review and provide comments for all projects moving through the regulatory system. To support this review process, the Town is also establishing an automated routing process for all plans before all boards and committees that creates a useful database for all applications.

²⁸ The number of year-round units is determined by the 2000 census and will increase when the 2010 census figures become available.

7.1.1 Create a Municipal Affordable Housing Trust Fund

Current Status: Discussions with other communities regarding the success of their affordable housing initiatives indicate that it is often critical to have accessible funds available to respond immediately and effectively to housing opportunities as they arise. Also, many of the state subsidy sources require local contributions either through local funds, donation of Town-owned property, or private donations. In order to receive donations and avoid paying taxes, it is useful for each locality to have a dedicated housing fund that offers communities greater ability to support the development of affordable housing.

On June 7, 2005, the Governor signed new legislation, called the Municipal Affordable Housing Trust Fund Act, which simplified the process of establishing such funds. More than 40 communities have adopted these funds to date and many more have plans to do so during the coming year. Previously, cities could create trusts through their own resolution, but Towns had to get approval from the state Legislature through a home rule petition. The law provides guidelines on what trusts can do and allows communities to collect funds for housing, segregate them out of the general budget into an affordable housing trust fund, and use these funds without going back to Town Meeting for approval. It also enables trusts to own and manage real estate, not just receive and disburse funds. The law further requires that local housing trusts be governed by at least a five-member board of trustees, appointed and confirmed by the Board of Selectmen, in the case of towns, and including a member of the Board of Selectmen or the Town Administrator. While the new trusts must be in compliance with Chapter 30B, the law which governs public procurement as well as public bidding and construction laws, it is likely that most trusts will opt to dispose of property through a sale or long-term lease to a developer so as to clearly differentiate any affordable housing development project from a public construction project.

Next Steps: Wenham's Board of Selectmen may seek approval at its next Town Meeting for the establishment of a Municipal Affordable Housing Trust Fund and appoint members of the Board of Trustees. This Housing Trust would serve as the Town's permanent committee for overseeing housing issues and the implementation of the Housing Production Plan, managing the Affordable Housing Trust Fund, defining policy issues that are in the public interest, and working with the Planning Board on establishing housing guidelines for housing efforts.

It will also be important to explore a wide range of possible fundraising options to capitalize the Trust Fund. In addition to CPA funding and other public sector resources, the Town should also consider private sector donations. This process of securing private support not only provides financial benefits to support local housing efforts, but it is also a vehicle for raising awareness of affordable housing and generating interest and political support for new housing initiatives. Wenham Issues of Social Service & Housing (WSSH) Committee has been effectively raising private funds to support the housing needs of residents for years and could take the lead in mounting a private fund raising campaign. Other communities, such as Chatham and Orleans for example, also have separate local organizations that have effectively raised private funds for affordable housing (Friends of Chatham Affordable Homes and Friends of Orleans Affordable Homes), and the Town and WSSH might approach them to learn more about their efforts to date.

It should be noted that some communities have decided to commit CPA funding to these Housing Trust Funds without targeting the funding to any one specific initiative. For example, the Towns of Grafton and Sudbury are directing 10% of their annual CPA allocation to their Trust Funds. Grafton plans to use some of the funding as collateral for securing a line of credit with a local lending institution, thus leveraging the CPA funds. The Trust is encouraged to apply for additional CPA funds for specific projects. Scituate's Town Meeting just approved a Municipal Housing Trust and funded it with \$700,000 of Community Preservation funding.

Many communities are reaching out to residents for private donations of land to promote housing affordability. Such contributions and the “bargain sale” of real estate could become a part of the Wenham land ethic, but donations need to be promoted, nurtured, and facilitated. Inclusionary zoning (see strategy 7.2.1), if passed, may also provide cash resources for a wider range of possible developments that can help capitalize the Affordable Housing Trust Fund if the developer decides to pay cash in lieu of constructing actual affordable units. Developers may also contribute to the Housing Fund through negotiations on comprehensive permit projects or other local developments. Developers make additional contributions to these funds if the purchase prices for the market units are higher than the prices that were projected in their comprehensive permit applications and profits are more than the 20% allowed under Chapter 40B.

Faith-based affordable housing initiatives are also widely viewed as effective, as reported by the organization World Vision.²⁹ WSSH can work with the local churches on some additional activities that focus on affordable housing, including, for example, donations to the Housing Fund, perhaps during Fair Housing month.

Timeframe: Priority 1

This process could be accomplished within the next year, ready for vote by the next Town Meeting.

Responsible Party: Board of Selectmen with support from the Affordable Housing Committee/WSSH

Resources Required: The process of creating the Affordable Housing Trust Fund is relatively straightforward and can be coordinated by the Affordable Housing Committee in concert with the Board of Selectmen. Once established, it will be incumbent upon the Town to support efforts to capitalize the Fund including the commitment of CPA funding in support of affordable housing initiatives. Other resources include the donated time of volunteers to coordinate fundraising activities with staff support at some point in the future.

7.1.2 Conduct Ongoing Educational Campaign

Current Status: Affordable housing has become a more visible issue in Wenham, largely as a result of high housing prices that are having homeowners, especially long-term homeowners, pondering how they might fare in the current housing market if they did not already own a home. Affordable housing, or the increasing lack thereof, is becoming a much-discussed issue throughout the state, and many communities are trying to become more proactive on affordable housing production, including Wenham. While residents are increasingly aware of these high housing prices and some are likely encountering difficulties affording housing in Wenham, it is likely that many residents hold onto negative stereotypes of what affordable housing is and what it will do to their community.

On February 26, 2008, the Wenham Affordable Housing Committee sponsored a forum for local leaders and the public to hear the results of a Housing Needs Assessment that is a substantial component of this Housing Production Plan (see Section 3). During this meeting, updated information on the dwindling supply of unsubsidized affordable housing in Wenham was presented, highlighting the current gaps between the supply of housing and local needs. This meeting was also televised on the local cable station and will be replayed to offer community residents ample opportunity to see the presentation and discussion. The Housing Needs Assessment has also been placed on the Town’s website to once again offer residents the chance to review the document and become more acquainted with affordable housing issues in Wenham and the subject in general.

²⁹ Shabecoff, Alice. Rebuilding Our Communities: How Churches Can Provide, Support, and Finance Quality Housing for Low-Income Families, World Vision: Monrovia, California.

Another public forum was held on July 15, 2008, to provide information on the draft Housing Production Plan to not only get feedback on the Plan's strategies and goals, but also to once again showcase the issue of affordable housing in a light that demonstrates how the Town can better serve the wide range of local needs and control new development. Additional opportunities to engage the community in discussions on affordable housing and to present information on the issue are needed to dispel myths and help galvanize local support, political and financial, for new affordable housing production, particularly in regard to new housing initiatives. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on local concerns and suggestions. They also present an opportunity to improve communication and coordination among various Town boards and committees that have some role related to the implementation of this Housing Plan.

Next Steps: The presentation of this Housing Production Plan offers an opportunity to bring attention to the issue, offering information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. Other public education opportunities should be pursued such as having representatives from other towns speak at annual public forums on innovative affordable housing strategies, which Truro did last summer that included panel discussions on particular housing-related topics. Yarmouth recently held its second annual affordable housing summit around a spaghetti dinner to draw residents to hear updates on the Town's Housing Plan and future initiatives. Most communities hold public meetings to present new housing initiatives to the community and get important feedback and agreement on how to move towards approval. These forums can help build community interest, improve communication and garner support. It may also be feasible to have local banks support such efforts with financial and/or technical assistance. The dissemination of information on available affordable housing resources for qualifying existing property owners (see strategy 7.4.1) can also be integrated into these outreach efforts.

Timeframe: Priority 1 and ongoing

Responsible Party: Affordable Housing Committee or proposed Housing Trust (see strategy 7.1.1).

Resources Required: Donated time of the members of the Affordable Housing Committee or proposed Housing Trust.

7.1.3 Consider Hiring a Housing Coordinator

Current Status: If the Town of Wenham wants to assume a more proactive role in promoting affordable housing and effectively implement actions included in this Housing Plan, it may have to augment its capacity to coordinate these activities. While most of the strategies that are included in this Plan do not by themselves involve substantial amounts of staff time from Town officials or donated time from board and committee members, when considered altogether they require a significant time commitment and involve some specialized expertise in housing programs, policy and development. Being such a small community, Wenham does not currently have a Town Planner nor another Town staff person with substantial affordable housing expertise.

Various municipalities have handled this need differently. For example, the Town of Marshfield issued a Request for Proposals for a Housing Coordinator position and hired a full-time person for several years. Currently it splits this position between two consultants. The Town of Grafton has an Assistant Planner on board to assume many of these housing-related functions. Bedford has a consultant working part-time on overseeing its housing activities and at one time shared this consultant with the Town of Lincoln. Belmont is working with a non-profit development organization located in a nearby community to support its housing activities. Wellfleet and Eastham are sharing a housing professional, funded through the Community Preservation Fund. Holliston is working with a consultant to implement key initiatives, and at some point in the future is likely to hire a housing professional on at least a part-time basis with CPA funds. Yarmouth has recently hired a part-time consultant to provide needed support. Communities

such as Chatham rely heavily on its effective Housing Authority for program support related to affordable housing and hire consultants for specific initiatives.

Next Steps: The Board of Selectmen should work with the Town Administrator, the Community Preservation Committee and eventually the proposed Housing Trust (see strategy 7.1.1) to determine how best to bring on the necessary skills and experience to effectively oversee the implementation of various components of this Housing Plan. Community Preservation funding is an excellent resource for supporting a staff position related to implementing community housing initiatives. There may even be opportunities to share a housing professional with another nearby community.

Timeframe: Priority 1

Responsible Party: Board of Selectmen in consultation with the Community Preservation Committee or proposed Housing Trust.

Resources Required: A part-time staff position, if needed, would require approximately \$25,000 to \$35,000 annually depending upon experience, level of benefits and work required.

7.1.4 Encourage Partnerships to Access Housing Resources

Current Status: The affordability of most housing development projects typically involves multiple sources of financing including both private and public loans and grants. Even Chapter 40B comprehensive permit projects rely on what is referred to as “internal” subsidies where the market rate units support the costs of the affordable ones in tandem with increased density. It will be important for the Town to encourage the establishment of partnerships with other interested parties including local institutions, non-profit organizations, lenders, public agencies, and developers to secure the necessary financial and technical resources to create affordable units. In fact, the most effective affordable housing strategies typically incorporate several major components including:

- Proactive local leadership that effectively works with developers on projects, spearheading negotiations in the public interest and advocacy for needed approvals and resources;
- Experienced developers, non-profit or for profit, that have specialized expertise in affordable housing development including funding applications;
- Local staff capacity to oversee the implementation of a local housing plan and new initiatives; and
- Local resources, such as CPA or publicly-owned property, that are helpful in supporting predevelopment costs and leveraging other important project subsidies.

Wenham is fortunate to have Community Preservation funding available which has been an invaluable tool in supporting upfront predevelopment costs and feasibility analyses, professional expertise as well as leveraging additional public subsidies in communities throughout the Commonwealth. The Town also has some publicly-owned property that might be suitable for accommodating some amount of affordable housing. The pursuit of other public and private resources will be essential to moving forward on the implementation of this Housing Production Plan.

For example, there are numerous models of how communities have worked cooperatively with local institutions, such as colleges and universities, to create affordable housing. Gordon College’s enrollment is growing and as is the case with many such schools, staff and faculty members are increasingly hard-pressed to find housing that is affordable and in close proximity to the campus. There is already a precedent in Wenham of producing affordable housing that meets both community and the school’s needs in the Parsons Hill development. Other opportunities could be identified and pursued cooperatively to the mutual benefit of both the Town and College.

Another very important resource for Wenham is HOME funding from the North Shore HOME Consortium. HUD created the HOME Program in 1990 to provide grants to states, larger cities and consortia of smaller cities and towns to do the following:

- Produce rental housing;
- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;
- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homeowners.

The Consortium allocates approximately \$8,300 annually to the Town of Wenham, which has been used for a number of initiatives including the First Time Home Buyer Program or rental assistance through the Wenham Issues of Social Service & Housing Committee (WISSH). The Town is able to bank up to two years of funding and then has to return it to the HOME Consortium or pass it along to an initiative in another community. In fact, Wenham did just that a couple of years, donating approximately \$16,000 of its HOME funding to a special project in Beverly to provide permanent supportive housing to those at risk of becoming homeless! The Town has already had conversations with the Consortium about the potential use of HOME funds to support the Habitat for Humanity homes as part of the Dearborn property.

There are also non-profit housing organizations in the region that can be helpful in moving affordable housing initiatives forward. The Town is already working with Habitat for Humanity of Cape Ann on the planning for three (3) new homes for first-time homebuyers, as mentioned above, and has a capable Housing Authority that is likely to be able to step-up and take on specific activities included in this Housing Plan such as working with the Town on new development on land its owns at Enon Village. Other important organizations are listed in Appendix 2.

Next Steps: The Town of Wenham should continue to establish partnerships with developers and reach out to private, public and non-profit entities to secure additional housing resources – technical and financial – in support of its efforts to produce new affordable housing as new opportunities arise (see strategy 7.3.2 as well). The developer is typically responsible for applying for these funds, but the support of municipal governments is often crucial for securing very competitive funding. There are numerous public programs that can be helpful in financing local housing efforts. In addition to CPA funds, HOME funding from the North Shore HOME Consortium should be considered a priority resource. A summary of some of these subsidy programs as well as pertinent housing regulations (e.g., Chapter 40B, Local Initiative Program, Commonwealth Capital, Community Preservation Act) is included in Appendix 4. Moreover, the partnership with Gordon College to create additional affordable housing opportunities for mutual benefit should be aggressively pursued.

Timeframe: Priority 1

Responsible Party: Board of Selectmen with support from the Wenham Affordable Housing Committee or proposed Housing Trust.

Resources Required: Donated time of members of the Affordable Housing Committee or proposed Housing Trust to provide letters of support for subsidy applications for affordable housing projects. A representative of the Affordable Housing Committee also represents Wenham at the North Shore HOME Consortium meetings and will continue to do so. The proposed Housing Trust, with staff support from the proposed Housing Coordinator, could be particularly helpful in forging partnerships with developers, Gordon College, and other local and regional entities to create alliances in support of new affordable housing initiatives.

7.1.5 Create an Inventory of Properties Potentially Suitable for Affordable Housing

Current Status: This Housing Production Plan includes a preliminary list of potential public sites that may be suitable for the development of housing, including some amount of affordable housing (see Section 5). This list includes some properties that were identified several years ago by a Town Owned Property Committee appointed by the Board of Selectmen to generate a list of properties that the Town might consider selling to generate some revenue to pay for the renovations of Town Hall. While none of the identified properties have been sold, this list provides a starting point for a more comprehensive review of existing properties. It should also be mentioned that the Town is updating its Open Space Plan and there are opportunities to coordinate planning on Town-owned sites to accommodate both open space preservation and “smart” affordable housing development.

Next Steps: Representatives from the Affordable Housing Committee or proposed Housing Trust should work with other Town boards and committees such as the Planning Board, Board of Assessors and Conservation Commission to review the inventory of Town-owned property and determine which parcels, if any, might be appropriate for affordable housing. Efforts should be made to coordinate this planning process with that of the preparation of the Open Space Plan. After some initial environmental testing and other preliminary feasibility analyses, the costs of which could be covered by CPA funds, the Town could declare these parcels surplus, convey them to a designated developer following Town Meeting approval for the conveyance, and select the developer via a Request for Proposals (see strategy 7.3.1 for more information on the process of developing Town-owned property). The Town should also consider what privately-held properties might be suitable for affordable housing and work with existing owners to develop or acquire (see strategy 7.3.3).

Timeframe: Priority 1

Responsible Party: Board of Selectmen

Financial Resources Required: Donated time of the Affordable Housing Committee or proposed Housing Trust.

7.1.6 Encourage Training for Board and Committee Members

Current Status: Local boards such as the Zoning Board of Appeals, Planning Board, and proposed Housing Trust as well as other interested local leaders and members of the Wenham Housing Authority, should receive training on affordable housing issues including the comprehensive permit process, the new regulations and guidelines in particular. Well advised and prepared board and committee members are likely to conduct Town business in a more effective and efficient manner. New members without significant housing experience would benefit substantially from some training and orientation regarding their responsibilities. Moreover, requirements keep changing and local leaders must remain up-to-date. Funding for the professional development of staff would also help keep key professionals informed on important new developments, best practices and regulations.

The University of Massachusetts Extension’s Citizen Planner Training Collaborative (CPTC) offers classes periodically throughout the year and will even provide customized training sessions to individual communities. Examples of topics covered in their March 2008 workshops included but was not limited to the following:

- Roles and responsibilities of Planning and Zoning Boards
- Chapter 40B changes and new regulations
- How to hold the perfect public hearing
- Special permits and variances
- Writing reasonable and defensible decisions
- Addressing Fair Housing at the local level
- Chapter 40R – Smart Growth Zoning
- Inclusionary housing
- Open space residential development
- Sustainability

The Massachusetts Housing Partnership has initiated the Massachusetts Housing Institute, which is “an educational program to support municipalities and local participants to better understand the affordable housing development process and have an effective role in initiating and implementing local solutions to increasing housing choices”.³⁰ This training is held over a two-day period, at least once a year. Topics during the most recent Institute, held in June 2007, included:

- The affordable housing development process
- What you should know about development finance
- Getting housing built in the community
- Designing for affordability – architecture, design and density

Other organizations and agencies, such as DHCD, MHP, CHAPA, and the Community Preservation Coalition also provide conferences and training sessions on a wide variety of housing issues that would be useful for local officials and staff persons to attend. In addition, there are numerous written resources for localities. For example, DHCD has prepared a procedural “how to” booklet for local communities on the development process, MHP has many technical guides for localities, and CHAPA has a wide variety of reports on many issues related to affordable housing as well.

Next Steps: The Town’s Board of Selectmen should encourage members of appropriate committees and municipal staff to attend statewide and regional training sessions on housing-related issues. If fees are involved, this funding should be made available. This training should also be accessed on an ongoing basis as membership of these boards and committees turns over.

Timeframe: Priority 1

Responsible Party: Board of Selectmen

Resources Required: Information on available training should be tracked by a designated official or municipal staff person and made available, potentially the proposed Housing Coordinator (see strategy 7.1.2). Attendance fees should be paid when required, the costs potentially ranging from \$2,000 to \$4,000 annually, which can be covered by CPA funds.

7.1.7 Apply for a Commonwealth Capital Score to Secure Funding from State Capital Spending Programs

Current Status: The state established Commonwealth Capital as a policy that encourages communities to implement smart growth measures by making municipal land use regulations more consistent with smart growth principles. The state uses these reforms as part of the evaluation of proposals for state funding under a number of state capital spending programs related to economic development, the environment, transportation and infrastructure as well as housing. Municipalities have been scored based on what progress has been made in bringing local regulations, policies and land use-related initiatives into greater compliance with smart growth principals. It should be noted that the Town of Wenham is making considerable progress in these areas including pending zoning changes, this planning work and current program activity such as the Dearborn property development, which are likely to boost its score. This Commonwealth Capital program is summarized in more detail in Appendix 4.

While the future of Commonwealth Capital was in doubt during the transition from the Romney to Patrick administrations, particularly when the Office of Commonwealth Development that administered the program was disbanded, the state has maintained the basic principles of Commonwealth Capital. In

³⁰ Massachusetts Housing Partnership, Massachusetts Housing Institute agenda for June 14-15, 2007 Conference.

fact the changes for fiscal year 2008 were quite modest that included an altered list of discretionary state programs to which the policy applies. The state has recently proposed more substantive changes, which are summarized in Appendix 4. It is important to note that the completion of this Housing Plan would result in a number of points as would many of the strategies included in this Plan such as:

- Zoning for mixed-use development
- Modifying the accessory apartment bylaw
- Zoning for more flexible, cluster development
- Inclusionary zoning
- Attainment of Housing Production certification (meeting annual production goal)
- Production of housing units on municipally owned land or with municipal funding
- Where 66% or more of new units produced is through mixed-use development (including 40R and TOD), cluster development, multi-family housing, single-family development on ¼ acre lots, and/or conversion or redevelopment activities.

Next Steps: With staff support from the proposed Housing Coordinator, a designated municipal official or a consultant, the Board of Selectmen should prepare and submit the scoring application under Commonwealth Capital prior to applying for any of the state's capital spending programs or as required.

Timeframe: Priority 1

Responsible Party: Board of Selectmen

Resources Required: Time from the proposed Housing Coordinator, a designated municipal staff person or a consultant to prepare the application for scoring under Commonwealth Capital.

7.2 Planning and Regulatory Strategies

Housing production is contingent not only on actual development projects but on the planning and regulatory tools that enable localities to make well informed decisions to strategically invest limited public and private resources on housing creation. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility will be needed in the Town's Zoning Bylaw, and new tools will be required to capture more affordable units and better guide new development to specific "smarter" locations.

Similarly to most communities in Massachusetts, Wenham's Zoning Bylaw includes large lot zoning and other exclusionary provisions. In the case of Wenham, the minimum lot requirement is 40,000 square feet exclusive of wetlands and there are frontage, setback and other requirements that are not conducive to affordable housing. This creates the likely need for regulatory relief for any residential development that includes affordable units, possibly through the "friendly" comprehensive permit process that overrides local zoning if not through normal regulatory channels. Additionally, the Zoning Bylaw incorporates a number of provisions that while intended to encourage affordable housing, have not provided sufficient incentives to realize actual new affordable units and should be revisited and revised as necessary (see Section 4.2).

It is important to note that the Town has recently hired a consultant, Mark Bobrowski, to review its existing Zoning Bylaw, suggest amendments, and make the necessary changes. Several changes will involve affordable housing including inclusionary zoning, a revised flexible zoning bylaw, and modifications to the accessory apartment bylaw that are summarized below in strategies 7.2.1, 2, and 5.

The Town of Wenham should consider the following planning and zoning-related strategies to promote the creation of additional affordable units and to direct new development to appropriate locations. These actions can be considered as tools that the Town will have available to promote new housing opportunities, each applied to

particular circumstances and providing a powerful group of resources when available in combination. These strategies allow new affordable unit creation that is more responsive to local needs and priorities. Estimates of units that might be produced through these planning and regulatory tools are incorporated under Section 7.3 – Housing Production strategies.

It should also be noted that recent changes to Chapter 40B regulations expand the items that a subsidizing agency must consider when determining the appropriateness of a site for eligibility through the comprehensive permit process and includes information provided by the municipality or other parties regarding *municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay districts.*³¹ Therefore, a community’s progress in reforming its land use provisions to promote affordable housing and smart growth will likely have a meaningful impact on the determination of project eligibility/site approval for comp permit projects.

7.2.1 Adopt Inclusionary Zoning

Current Status: Inclusionary zoning, not currently included in Wenham’s Zoning Bylaw, is a zoning provision that requires a developer to include affordable housing as part of a development or potentially contribute to a fund for such housing. This mechanism has been adopted by more than one-third of the communities in the state to insure that any new development project over a certain size includes a set-aside in numbers of affordable units or funding from the developer to support the creation of affordable housing. This bylaw applies to development that typically meets local zoning requirements, but most communities have determined it appropriate to incorporate density bonuses in their inclusionary bylaw. Many of the municipalities that have inclusionary zoning in place are reaping the rewards of these actions through the creation of actual affordable units and/or cash contributions to the locality for investment in affordable housing production. Most of the bylaws include mandated percentages of units that must be affordable, typically 10% to 25% and density bonuses³². Some also allow the development of affordable units off-site and/or cash in lieu of actual units.

Next Steps: The Wenham Planning Board should work with their current zoning consultant to explore models and prepare a zoning amendment that is best suited to supporting affordable housing in Wenham. The Planning Board should present the bylaw to Town Meeting for adoption. It is important that the bylaw incorporate density bonuses that will contribute to the financial feasibility of the affordable units. The bylaw should also include a formula for cash in lieu of actual units that could be deposited into the proposed Housing Trust (see strategy 7.1.1), or any alternative fund established for this purpose, and will adequately cover the costs of producing a comparable number of affordable units through another initiative.

Timeframe: Priority 1

Responsible Party: Planning Board

Resources Required: The Town has hired a consultant to update and amend its Zoning Bylaw, including the addition of an inclusionary zoning amendment.

It will be important to also insure that all affordable units produced through the bylaw get counted as part of the Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD if another housing subsidy is not used. The major tasks for insuring that the affordable units, now referred to as Local Action Units (LAUs), meet the requirements of Chapter 40B are summarized at the introduction to this section. Some professional support will be required to oversee this work (see strategy 7.1.2), the costs of which should be incorporated into the specific project budget. The monitoring of projects to insure continued

³¹ Massachusetts General Laws, Chapter 40B, Section 56.04.

³² Density bonuses allow increased densities beyond what is allowed under the Zoning Bylaw.

affordability based on use restrictions would be the responsibility of a designated monitoring agent, DHCD in the case of LIP units, however towns also have a significant role in the monitoring process.

Projected # Affordable Units Produced: Units counted under strategy 7.3.2 – support private development through housing guidelines. Ideally the adoption of this bylaw would lead to the production of actual housing units, but may also deliver payments in lieu of actual units to help capitalize the proposed Housing Trust (see strategy 7.1.1).

7.2.2 Encourage More Flexible Cluster Zoning

Current Status: Wenham’s Zoning Bylaw includes the Residential Open Space Communities (ROSC) provision that allows cluster development, a “smarter” way for developing new sites. Cluster development better protects the environment and the rural character of Wenham while potentially offering a broader range of housing options that can promote affordability. The bylaw includes a 15% density bonus if at least 10% of the units are affordable and a 33% bonus if at least 15% of the units are affordable. It also includes an inclusionary provision that requires that at least 10% of the units be affordable on projects of ten (10) or more units. The bylaw was used for the Parsons Hill development that involved 65 new homes, 12 of which are affordable and included on the Subsidized Housing Inventory. Nevertheless, the bylaw is being revisited by the Zoning consultant, Mark Bobrowski, who has been hired by the Town to modify Wenham’s Zoning bylaw.

Next Steps: The Town has hired the consultant, Mark Bobrowski, to make significant changes to its Zoning Bylaw including this provision, which will require Town Meeting approval. More incentivized density bonuses and affordability requirements should be integrated into the bylaw to encourage this kind of development and to support project feasibility. Associated design guidelines, density bonuses for affordable units and inclusionary requirements can insure that goals are met in ways appropriate and beneficial to the Town.

Timeframe: Priority 1

Responsible Party: Planning Board

Resources Required: The Planning Board should coordinate this effort with other appropriate local officials in drafting the zoning amendment and coordinating the necessary approvals towards implementation. This strategy is also relying on professional support from a consultant who is in the process of recommending comprehensive zoning changes.

Projected # Affordable Units Produced: Units created under this strategy become part of the private development estimates (see strategy 7.3.2 for estimates).

7.2.3 Adopt Affordable Housing Guidelines – Promoting More Responsive Private Development

Current Status: “Affordable Housing Guidelines” should be considered by the Town of Wenham as a helpful tool for promoting greater cooperation with private for profit and non-profit developers on affordable housing production (see strategy 7.3.2). This Housing Plan incorporates production goals that identify development opportunities leading to the production of at least 0.50% of the year-round housing stock per year of at least seven (7) units. To this end the Town should consider affecting the types of housing proposals submitted through the creation of reasonable Affordable Housing Guidelines that provide guidance on projects that will be acceptable to the community, and therefore, more likely to avoid prolonged and perhaps even litigious battles.

Affordable Housing Guidelines, also referred to as LIP Policies or local 40B guidelines, provide an aid to both non-profit and for profit housing developers to help them plan for residential development that will be in line with what the community seeks in affordable housing related to scale, siting, density, levels of affordability, location, design, etc. Through such Guidelines the developer “wins” because there is greater predictability in what the Town is willing to approve, and the Town “wins” because it gets new affordable units that meet reasonable

locally-established development criteria that help it meet local needs and production goals. These Guidelines will contribute to a more open environment where developers who meet these development criteria can approach the Town with the expectation that they will likely be able to pursue their project through a “friendly” Chapter 40B process, if not normal regulatory channels, working with instead of against the Town on housing creation strategies.

Other towns have established guidelines including the Town of Grafton, which is planning to revisit and revise policies for “friendly” 40B projects, as well as the Town of Chatham that has established local 40B policies, for example.

Next Steps: The Planning Board, working in coordination with the Wenham Housing Authority and Affordable Housing Committee or proposed Housing Trust, should explore models of Affordable Housing Guidelines (also referred to as LIP Policies, Chapter 40B Policies or Procedures), make necessary changes and share them with the Board of Selectmen, Conservation Commission, Board of Health, Zoning Board of Appeals and other interested boards and committees for their review and comment. The Guidelines can then be finalized and made public.

Timeframe: Priority 1

Responsible Party: Planning Board with support from the Affordable Housing Committee or proposed Housing Trust

Resources Required: The donated time of local officials and various Town boards and committees and the support of the proposed Housing Coordinator, another designated municipal official and potentially the services of a consultant.

Projected # Affordable Units Produced: These units are counted under strategy 7.3.2.

7.2.4 Allow “Starter Home” Development on Nonconforming Lots³³

Current Status: There are parcels of vacant land that at this time cannot be developed because they do not meet all of the dimensional requirements of the Zoning Bylaw such as minimum lot size as well as front, rear and side yard provisions. It is likely that some, if not many, of these parcels could in fact be suitably developed as housing. Smaller lots will encourage the construction of smaller homes under appropriate guidelines to provide some housing options that are not currently being created by the private market as starter housing, which is a priority housing need in Wenham as identified in the Housing Needs Assessment.

Next Steps: The Planning Board should explore what other communities are doing with respect to these undersized lots and should prepare a zoning amendment to enable these lots to be developed based on specific criteria. One potential model is to adapt a bylaw that has been approved in Dennis to allow “affordable lots” that enables nonconforming lots to be built on by special permit if they meet the following conditions:

- Contains at least 10,000 square feet and satisfies other Board of Health requirements.
- Has safe and adequate access to a public or private way.
- Is similar in size and shape to surrounding lots.
- The dwelling cannot have more than three bedrooms with a minimum of 500 square feet per bedroom.
- The applicable front, rear and side yard requirements are determined by establishing an average setback based on the homes adjacent to and across the street from the lot in question.
- Where two lots are in common ownership, one of the two lots must be deed restricted to insure permanent affordability and where more than two lots are held in common ownership, the second, third and fifth

³³ Also commonly referred to as “noncomplying lots”.

percent of the remaining lots to be built upon shall be deed restricted as permanently affordable (the fourth lot may be market rate, fifth affordable, sixth market rate, etc.).

Another consideration might be to decrease the minimum lot requirement to 15,000 or even 10,000 square feet for two-family homes where one of the units is affordable and eligible for counting as part of the Subsidized Housing Inventory as long as the development is in line with Title V requirements. The development of these lots could also be promoted through the “friendly” 40B process of the state’s Local Initiative Program (LIP).

Timeframe: Priority 2

Responsible Party: Planning Board

Resources Required: The Planning Board should coordinate this effort with other appropriate local officials to determine the feasibility of implementing this strategy in Wenham, draft the zoning amendment and secure the necessary approvals towards implementation. This strategy is also likely to require some professional support from the proposed Housing Coordinator, a designated municipal official or a consultant. It will also be incumbent upon the Town to insure that any affordable units created under this strategy meet all state requirements and be included on the Subsidized Housing Inventory as well as annually monitored (see strategy 7.1.2 for more details on this necessary professional support).

Projected # Affordable Units Produced: Counted under strategy 7.3.2.

7.2.5 Modify Accessory Apartment Bylaw

Current Status: The Zoning Bylaw allows accessory apartments under special permit and a range of requirements. To date 24 accessory apartment units have been permitted in Wenham, offering small rental units that help diversify the housing stock. It is generally recognized that there are illegal accessory apartments in town as well that may in fact possibly pose health and safety hazards. Moreover, while Wenham’s bylaw incorporates less restrictive requirements (floor area and size, for example) for those who create affordable units that involve tenant eligibility verification and deed restrictions, no affordable accessory units have been produced to date.

Accessory units are helpful in meeting a number of public policy objectives including the following:

- Enables homeowners to capture additional income, which is particularly important for elderly homeowners or single parents where such income may be critical to remaining in their homes. Also, some young families or moderate-income households might be able to afford homeownership if they could count on income from an accessory apartment.
- Provides appropriately sized units for growing numbers of smaller households.
- Are inexpensive ways of increasing the rental housing stock at lower cost than new construction and without loss of open space, without significant impact on the surrounding neighborhood, and without additional Town services such as streets or utilities. There are, however, issues regarding the adequacy of the existing septic system when a new bedroom is added.
- Tenants in accessory apartments can also provide companionship, security and services for the homeowner, from shoveling the sidewalk for an elderly owner to babysitting.
- As recognized by the current bylaw and often referred to as “in-law” apartments, they have offered good opportunities for keeping extended families in closer contact.
- New accessory units typically generate tax revenue in a locality because accessory units add value to existing homes.

Changes to state requirements for counting accessory apartments as part of the Subsidized Housing Inventory (SHI) have dampened the enthusiasm of many localities in adding an affordable accessory apartment component

to their local bylaws. The major change affected the tenant selection process, requiring owners of such units to fill their units from a pre-qualified list established by the municipality in conformance with state requirements and Fair Housing laws. More recent changes in DHCD policies towards accessory apartments, however, now allow deed restrictions to be revoked upon the discretion of the property owner as opposed to being firmly in place for at least 15 years, allowing some greater flexibility. Nevertheless, once the deed restrictions are removed, the accessory unit is no longer a legal unit and can no longer serve as a separate apartment. It is likely that some measures will need to be in place in a community to insure the enforcement of such changes.

Some communities, such as the Town of Carlisle, are pursuing an affordable accessory apartment program in conformance with these requirements. Other communities have determined to put their efforts on hold, while others have decided to promote affordability outside of state requirements acknowledging that their accessory apartments, while affordable, will not be eligible for counting in the SHI. For example, Wellfleet has an affordable accessory apartment bylaw that promotes the development of accessory units where tenants meet income requirements but owners are not required to enter into deed restrictions nor pick tenants from a pre-qualified Ready Renters List. The Town also has just recently initiated a new pilot initiative, the Affordable Accessory Dwelling Unit (AADU) Loan Program, to provide qualifying local property owners with assistance in creating affordable accessory rental units. The Wellfleet Town Meeting approved \$20,000 in Community Preservation funding to provide no interest loans which will be due as a balloon payment in 30 years or when the unit is no longer used as an affordable accessory unit, whichever comes first. The funding is meant to cover two to four loans to address outstanding health and/or safety repairs in order to obtain special permit approval from the Zoning Board of Appeals for the accessory unit, however it is probable that the costs of improvements will be more than what is projected under the loan program. This loan program was developed by the Wellfleet Housing Authority (WHA) in conjunction with the Lower Cape Cod Community Development Corporation (Lower Cape Cod CDC) and is meant to support Wellfleet's existing effort to promote year-round rental units, providing another incentive for property owners to convert part of their residential or commercial properties to an affordable residential accessory unit. Wellfleet has also passed special legislation to offer tax exemptions on the portion of the property rented affordably.

Next Steps: In order to promote new accessory units the Town should consider amending its Zoning Bylaw to at least include the following:

- Allow accessory units to be included in newly constructed residences without any reference to how long a dwelling unit has existed, and
- Extend use to detached structures or separate additions.

As mentioned above, the Town has brought on a consultant to revise its Zoning Bylaw, and there is an opportunity during this process to make some helpful changes to the existing accessory apartment bylaw to better promote such units in Wenham. Encouraging accessory apartments, whether eligible for counting in the SHI or not, provides another housing choice for Wenham's elder residents and others who could benefit greatly from some rental income or cannot yet afford to buy a home.

Timeframe: Priority 1

Responsible Party: Planning Board in cooperation with the Affordable Housing Committee

Resources Required: The donated time of local officials with support from a consultant to make the changes.

Projected # Affordable Units Produced: This strategy is likely to promote units occupied by tenants earning at or below 80% of area median income and serve an important local need for more affordable rental units. However, these units will not count as part of the Subsidized Housing Inventory unless sometime in the future the Town decides to add an affordability component to the bylaw that would require that the units meet rigorous state

requirements including having owners take tenants from a pre-qualified list of renters and enter into a deed restriction.

7.2.6 *Explore 40R/40S*

Current Status: The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.³⁴

The goal of 40R was to address several regional concerns at once: the need for more affordable housing, the need to avoid adding more traffic to roads and highways already choked during commuting hours, and to protect the New England landscape from additional sprawl, fostered by large-lot subdivisions. The legislation was also passed in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are forcing college graduates and young professionals to relocate to other areas of the country in search of greater affordability.

The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable;
- Allows mixed-use and infill development;
- Provides two types of payments to municipalities (incentive payments based on the number of projected housing units) and density bonus payments of \$3,000 for each residential unit issued a building permit); and
- Encourages open space and protects historic districts.

The state also enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S will hold those communities participating in 40R harmless from costs added to school budgets as a result of the 40R-related development. (See the Appendix 4 for more details on 40R.)

Natick, Amesbury, North Andover, Plymouth, Brockton, Chelsea, Grafton, Kingston, Lawrence and Lynnfield have all created Smart Growth Districts, and Belmont, Boston, Gardner, Northampton, and Pittsfield are considering doing the same. Dartmouth, Lunenburg, Norwood, North Reading, Lakeville, and Haverhill have gone a step further and issued housing permits.

A number of Wenham’s local leaders have met with their counterparts in Hamilton as well as a representative of the state’s Department of Housing and Community Development (DHCD) and a consultant to discuss the possibility of a joint effort to create a 40R district surrounding Hamilton’s commuter rail station that would

³⁴ Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” October 30, 2003, p. 3.

include a considerable portion of Wenham including, for example, the potential housing site adjoining Enon Village.

Next Steps: In an effort to promote smart growth and mixed-use, mixed-income development, the Town should continue to explore the adoption of 40R. If there is general agreement to pursue the development of the Smart Growth Zoning District further, the Town can apply for funding from the state's Priority Development Fund or Smart Growth Technical Assistance Fund to secure the necessary technical assistance to implement the rezoning or more simply use CPA funds. While the Towns of Wenham and Hamilton should pursue this district jointly to the greatest extent possible, they will have to seek separate local approvals to adopt the District.

The Overlay Zoning Districts will require approval by the Planning Board and a two-thirds vote of Town Meeting. The formal steps involved in creating Overlay Districts are as follows:

1. The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
2. The Town applies to DHCD prior to adopting the new zoning;
3. DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
4. The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
5. The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
6. DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

Timeframe: Priority 2

Responsible Party: Planning Board

Resources Required: The Town could apply to the state's Department of Housing and Community Development (DHCD) for funding through its Priority Development Fund, the Executive Office of Environment and Energy for its Smart Growth Technical Assistance funding, or use CPA funds (see Appendix 4 for details on these state resources) to secure the necessary technical assistance to implement the adoption of 40R locally. The proposed Housing Coordinator, working closely with the Planning Board and proposed Housing Trust, could help oversee this effort with support from a consultant.

Projected # of Affordable Units Produced: Counted under strategies 7.3.1 and 7.3.2.

7.3 Housing Production Strategies

While some of the units produced may rely on the participation of existing homeowners, most of the production will require joint ventures with developers – for profit and non-profit – to create affordable units. For example, competitive Requests for Proposals (RFP's) are necessary for the selection of developers of publicly-owned property. For profit developers continue to express interest in developing housing in Wenham, and there are also numbers of effective non-profit organizations that have successfully completed affordable housing developments in the area.

In addition to the active participation of the development community, it will be important for Wenham to seek support from state and federal agencies. Besides the state's Department of Housing and Community Development (DHCD), other state and quasi-public agencies that have resources to support affordable and special needs housing include MassHousing, MassDevelopment, Department of Mental Retardation, Department of Mental Health, Community Economic Development Assistance Corp. (CEDAC), Massachusetts Housing Partnership Fund, and Massachusetts Housing Investment Corporation (MHIC). Regional resources should be considered as well including the North Shore Housing Trust, Community Teamwork, and North Shore HOME

Consortium. Because affordable housing is rarely developed without private financing, project developers will need to reach out to private lenders as well.

The following strategies provide the basic components for the Town to meet its housing production goals:

7.3.1 Make Suitable Public Land Available for Affordable Housing

Current Status: The contribution or “bargain sale” of land owned by public entities, including the Town and Housing Authority, but not essential for public purposes is a component of production goals and the Town has identified a list of potential publicly-owned parcels that might possibly be developed as affordable housing (see Section 5.1. of this Plan for the list of properties under preliminary consideration). Final determination of the use of these parcels for affordable housing is subject to further discussion, a more thorough feasibility analysis of site conditions and in the case of municipally owned properties, Town Meeting approval.

In addition to currently owned Town parcels, the Town of Wenham may decide that it will acquire privately owned sites at some point in the future for the purposes of protecting open space and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites. Smaller infill sites might be acquired or donated as well to build affordable starter homes. Acquisitions could occur through the private housing market, through special negotiations with existing owners who are interested in selling their properties for a discounted price in exchange for tax advantages, or through the tax foreclosure process.

Next Steps: Where feasible, the Town should investigate the suitability of various Town-owned sites (see Section 5.1) for development based on the knowledge or expertise of various Town staff persons and support the costs of preliminary feasibility analyses where appropriate, potentially through CPA funding. For Town-owned properties, approval will be required from Town Meeting to acquire and/or designate these parcels for housing development that includes affordable housing and perhaps other uses as well.

Because this strategy involves the use of publicly-owned property, it would be appropriate to maximize the public benefits by setting aside at least 50% of the units as affordable. This is likely to require multiple sources of public subsidies, and the Town should select a developer that has substantial experience and expertise in this type of development. Some additional commitment of CPA funding towards the project would also be important in funding predevelopment work and/or supporting financial feasibility.

Following the necessary approvals for the conveyance of Town-owned properties, a designated Town employee, working with the proposed Housing Coordinator or a housing consultant, should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town’s specific project requirements and select a developer based also on identified criteria included in the RFP. Projects are likely to require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and this might be obtained through normal regulatory channels, if community support is assured, or through the use of the “friendly” comprehensive permit process through DHCD’s Local Initiative Program (LIP) or other subsidizing agency. Additionally, the Town will need to be involved in working with the selected developer to secure the necessary financial, technical and political support. Evidence of municipal support is critical when seeking financial or technical assistance from regional, state or federal agencies.

Timeframe: Priority 1

Responsible Party: Board of Selectmen with support from the Affordable Housing Committee or proposed Housing Trust.

Resources Required: It would be useful to have professional support to coordinate this effort, working with the Town designated employee to prepare a Request for Proposals and staff the developer selection process, optimally through the proposed Housing Coordinator or a consultant that could be funded by CPA funds. Moreover, if the

selected developer did not have the necessary capacity to undertake the marketing and lottery for the affordable units, the Housing Coordinator or an experienced consultant, agency or organization might also be able to perform these functions, with funding from the project budget to cover these costs.

Resources will also be required to help subsidize the development. Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones. Many communities have used the “friendly” comprehensive permit process to take advantage of these internal subsidies, to create the necessary densities to make development feasible, and to make it easier to navigate the existing regulatory system. Other communities are finding that they require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish these objectives. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income households can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

It is likely that a number of financial and technical resources will be required to produce affordable units in Wenham. Appendix 4 includes summaries of many of these programs but some are highlighted below.

- Predevelopment funding from state programs such as the Priority Development Fund, Smart Growth Technical Assistance Program, CEDAC, MHIC, Life Initiative, etc.
- Federal funding through the North Shore HOME Consortium, administered by the Town of Peabody, for a range of affordable housing activities. The HOME Consortium involves the participation of 28 communities throughout the North Shore and Merrimack Valley, including Wenham.
- Additional HOME Program financing of up to \$65,000 per unit administered through DHCD for a range of housing activities. These are competitive funding sources, and DHCD typically accepts proposals through two funding rounds per year.
- Possible federal financing through Low Income Housing Tax Credits to developers of affordable housing that provide significant equity into a development. The allocating agency is DHCD and there are typically two funding rounds per year. These funds are directed to rental properties solely and are extremely competitive.
- Federal Section 202 federal financing to non-profit organizations for the development of rental housing targeted to very low-income seniors or those with disabilities, also very competitive.
- Affordable Housing Program grant funding from the Federal Home Loan Bank Board, applied through participating banks.
- Rental subsidies through the Project Based Section 8 Program or individual Section 8 vouchers (this program is administered through the state, Housing Authorities and regional non-profit organizations).
- Section 8 to Homeownership Program, enabling Section 8 subsidy recipients to access homeownership.
- Additional resources that are directed solely to first-time homebuyer projects to make homeownership more affordable including the Soft Second Loan Program, American Dream Downpayment Assistance Program and MassHousing First-Time Homebuyer financing.
- Financing from CEDAC to support innovative forms of affordable housing including SRO’s, transitional housing, limited equity cooperatives, etc. and to preserve existing affordable housing developments.
- OneSource Loan Program is a streamlined financing program offered jointly by MHIC and Massachusetts Housing Partnership Fund offering construction and permanent financing in a single package.
- Other state funding programs such as the Affordable Housing Trust Fund, Housing Stabilization Fund, etc.

Projected # Affordable Units Produced: 32 units

7.3.2 Support Private Development in Line with Local Guidelines

Current Status: With incentives created in the Zoning Bylaw to promote affordable housing (see Section 7.2), and with local policies that provide guidance to developers on what the Town would like to see with respect to new development (see strategy 7.2.3), the Town is in a good position to work cooperatively with developers, both for profit and non-profit, and other parties to guide new development that incorporates affordable units. This Housing Production Plan suggests that new provisions should be made to encourage the following types of housing:

- Smaller infill housing on nonconforming lots,
- Small multi-family housing including accessory apartments,
- Cluster development that is more in keeping with smart growth principles, and
- Small scattered sites, like those developed by Habitat for Humanity, when developed as affordable housing.

While the Town acknowledges that mixed commercial and residential development as well as adaptive reuse projects would be “smart” ways for guiding new development, including affordable housing, there are few if any opportunities for such alternatives in Wenham. This is because the town lacks commercial uses, and existing commercial areas are located nearby along Wenham’s borders with North Beverly and Hamilton, also including commuter rail stations. Similarly, Wenham also lacks good options of converting nonresidential properties to residential use.

New affordable housing development could be processed through normal regulatory channels, when the projects are in basic compliance with existing zoning, or handled through the “friendly” 40B process offered through the state’s Local Initiative Program (LIP). Comprehensive permits have proven to be a useful tool in many communities for projects that require significant waivers of local zoning but meet local needs and priorities. Some of these projects have also incorporated more affordable units than those required under Chapter 40B. Key to the success of these new developments has been the partnership between the Town and the developer to build affordable housing, the infusion of Community Preservation funding to support the enhanced affordability of these developments and leverage other sources of financing including the North Shore HOME Consortium funds and state-supported subsidy programs (see Appendix 4 for a summary of resources), as well as the expertise of the developer in building affordable housing.

Next Steps: The Town should *reach out* to area developers who have been active in producing affordable housing in the area to discuss the Town’s interest in promoting these units, possible areas and opportunities for new development, local guidelines and priorities for new development (see strategy 7.2.3), and the prospects for working together in the future. This will be particularly useful after the Town has produced Affordable Housing Guidelines and has passed key zoning changes summarized in Section 7.2.

Another possible opportunity is to enter into discussions with Gordon College regarding a joint effort in promoting affordable housing that can benefit both the community and qualifying faculty members. The Parsons Hill development already represents a precedent for working with the College on housing production. The College may also have some property that could possibly developed for residential purposes including affordable housing. It is important to note that all affordable units will need to be affirmatively marketed but at least 70% of the units can be reserved for those who have a connection to the town of Wenham.

Timeframe: Priority 1

Responsible Party: Affordable Housing Committee or proposed Housing Trust

Resources Required: Donated time of representatives of the Affordable Housing Committee or proposed Housing Trust as well as staff time from the proposed Housing Coordinator, other designated municipal official or a consultant.

Projected # Affordable Units Produced: 17 affordable units and 5 workforce units.

7.3.3 Convert Existing Housing Units to Affordability

Current Status: Wenham should not overlook the potential of converting existing market units to state-defined “affordable” ones, thus insuring the long-term affordability of existing units. There are a variety of program strategies that focus on existing dwelling units rather than new ones and have the potential of being helpful in expanding the affordable housing stock, though Wenham’s elevated prices are a challenge. Examples include:

- Homebuyer Assistance Programs: These programs involve the provision of subsidies to qualified first-time homebuyers to fill the gap between the market purchase price and the affordable price that is allowed under the state’s Local Initiative Program (LIP). For example, the Town of Chatham has introduced the First Time Homebuyers Assistance Program that uses up to \$60,000 in CPA funds per household to fill the gap between the market price of a home and the affordable purchase price as allowed under the state’s Local Initiative Program (LIP). Purchasers are pre-qualified through the Program before they are able to search in the private housing market for a qualifying home and deed restrictions are required. Purchasers are also required to attend first-time homebuyer classes and encouraged to explore more affordable mortgage financing such as loans through the state’s Soft Second Loan Program. The Chatham Housing Authority administers the Program. Comparable programs are also available in Marshfield, Acton, Cambridge, Newton, and Bourne, largely subsidized through Community Preservation Funding. Most of these efforts have been just recently implemented.
- Buy-downs: These efforts involve the purchase of two-family structures or other housing types and renting or reselling one (or possibly both/several) of the units subject to a deed restriction that assures permanent affordability. Buy-down programs have proven to be viable strategies in a number of communities including the Sandwich Home Ownership Program (SHOP) implemented several years ago that produced seven (7) affordable housing units under the coordination of the Housing Assistance Corporation (HAC), the Cape’s regional non-profit housing organization. This work is usually coordinated by a non-profit housing organization and has also been implemented in Cambridge, Newton, Bedford and Arlington, for example. This type of initiative is also implemented to establish group homes for special needs populations, integrating this type of housing into existing neighborhoods.
- Equity Conversion Homeownership Programs (ECHO – also known as Affordable Deed Restriction Programs): These programs involve the purchase of a restriction on housing occupied by an income-eligible senior or other lower income household, providing public assurance (deed restriction) that the house when resold will remain affordable and offering residents cash for rehab plus an annuity or lump-sum subsidy. While ECHO initiatives have been popular in communities, including Bedford, Marion, and Westport, for example, which provided set-asides of funding; there have not been any affordable units created through this strategy to date. The Town of Stow indicates that it has interested participants but its program design has been under review by DHCD for months.

These housing efforts are typically targeted to the more affordable sectors of a community’s housing stock. While typical housing prices in Wenham are quite high, there are areas of town where smaller homes or cottages might be purchased for prices that might make such an initiative feasible such as some areas near the borders of North Beverly and Hamilton. These areas are also “smart” as they are located in close proximity to existing commuter rail stations. Another option might include the conversion of seasonal cottages to year-round use and long-term affordability, such as the cottages at Pleasant Pond, or conversion of perhaps some units at The Maples. There are other properties scattered throughout town that might be conducive to these conversion models.

Next Steps: The Town should review these models and determine which makes the most sense in Wenham. It should then prepare an implementation plan that outlines program procedures and the respective roles and responsibilities of various municipal staff persons and boards and committees. The focus of such an initiative should be those housing units that are most affordable in Wenham's private housing market to minimize the amount of subsidy required to fill the gap between the market purchase price and any costs of improvements and the affordable rents or purchase prices. The market prices of the more reasonably-priced properties for sale should be tracked to help inform the level of subsidies that will be required. HOME funding from the North Shore HOME Consortium might be allocated to the program to help subsidize the effort in addition to Community Preservation funding.

Timeframe: Priority 2

Responsible Party: Affordable Housing Committee or proposed Housing Trust

Resources Required: Some professional staff time from the proposed Housing Coordinator, a designated municipal official or a consultant to prepare an implementation strategy and oversee project operations.

Projected # Affordable Units Produced: 8 units

7.4 Housing Preservation

Housing production is critical, but the Town should also make important information on a wide range of housing services that are available to qualifying property owners, including seniors.

7.4.1 *Help Qualifying Homeowners Access Housing Assistance*

Current Status: Some town residents, including seniors living on fixed incomes, are likely finding it increasingly difficult to afford the costs associated with rising taxes, energy costs, insurance and home improvements. Additionally, some seniors and those with special needs require handicapped adaptations and repairs to help them remain in their homes. Wenham residents might also benefit from technical and financial support in the case of septic failures and Title V compliance issues. Increasingly, homeowners are confronting the risk of foreclosure, particularly those who financed their homes through subprime predatory lenders, and are looking for ways to hold onto their homes.

There are existing programs available to help property owners with these needs. For example, Community Action Inc., based in Haverhill, is the area's community action agency and provides the following programs to help qualifying households with escalating costs of utilities:

- *Fuel Assistance Program*
Assists eligible households in paying their heating bills during the winter season or until all benefits are exhausted through federal funding. Eligibility is based on federal criteria related to annual gross income, family size and annual heat consumption.
- *Weatherization Assistance Program*
A federally-funded program to help qualifying property owners make energy-efficient home improvements. Most households that receive fuel assistance also qualify for this program.
- *Heating Assistance Program (Heart WAP)*
An emergency repair program for households receiving fuel assistance that require the repair or replacement of heating systems.

There are also a range of programs offered by MassHousing, applied through either a participating agency or lender including:

- *Home Improvement Loan Program*
Provides a 5%, 5 to 15-year term loan to qualifying homeowners, the amounts ranging from \$5,000 to \$50,000. Income limits are \$92,000 for one and two-person households and \$104,000 for larger households. One to four-family dwellings and condominiums are eligible for these loans.
- *Get the Lead Out*
With funding from MassHousing, this Program provides low-cost financing to owners of 1-4 family properties to remove lead and reduce the possibility of lead poisoning in children. The closest participating agency is Beverly Community Development. Interest rates range from 0% to 3% for owner-occupants, 0% for non-profit organizations, and 5% for investor-owners.
- *Septic System Repair Program*
Provides 0% to 5% interest loans ranging from \$1,000 to \$25,000 to improve failing septic systems. Loan terms vary from 3 to 20 years. These loans are accessed through participating lenders including Danversbank.
- *Home Saver Foreclosure Prevention Program*
This program offers assistance to those who are at risk of losing their home through foreclosure. Participants must initially contact the Homeownership Preservation Foundation to talk to a counselor and may be referred to a local counseling agency as well as a participating lender to obtain a loan. There are a number of participating lenders including Eastern Bank, Boston Private Bank and Trust, Salem Five.

Community Teamwork, the region's non-profit housing organization, provides a wide range of housing programs and services, including those that help households at risk of homelessness. It also administers programs for prospective homebuyers including down payment and closing cost assistance as well as counseling services, including counseling on foreclosure prevention. It also offers the *Home Modification Loan Program* that offers financial assistance to persons seeking to make home modifications to improve accessibility for the physically disabled. Interest rates range from 0% (families at or below median income) to 3% (families earning between 100% and 200% of area median) and loan amounts from \$1,000 to \$25,000.

Summaries of these programs are included in Appendix 4.

Next Steps: Through the community educational campaign recommended in Section 7.1.3, important information on housing improvement resources could be disseminated to real estate professionals, local organizations and community residents. The Town, through its Council on Aging, Housing Authority and WSSH, should provide the necessary education and referrals to programs sponsored by Community Action, Inc., Community Teamwork and MassHousing for example, which offer low-cost financing for repair needs including de-leading, septic systems, weatherization and other home improvements.

Timeframe: Priority 1

Responsible Party: Wenham Housing Authority, Council on Aging and WSSH

Resources Required: Donated time of volunteers or some limited staff time from appropriate Town employees.

Projected # Affordable Units Produced: The available home repair programs provide needed assistance, helping seniors and others with special needs remain independent in their homes, however, these programs typically do not include the necessary requirements to enable properties to be included in the SHI.

APPENDIX 1
Summary of Housing Strategies

Actions	Priority for Implementation		# Affordable Units	Responsible Party**
	Priority 1	Priority 2		
Capacity Building Strategies				
1. Consider creating a Municipal Affordable Housing Trust	X		*	BOS/AHC
2. Consider hiring a Housing Coordinator	X		*	BOS/AHC/HP
3. Conduct ongoing educational campaign	X		*	AHC/HP
4. Establish partnerships/ access housing resources	X		*	BOS/AHC/HT
5. Create property inventory	X		*	BOS
6. Encourage training for board and committee members	X		*	BOS
7. Apply for Commonwealth Capital	X		*	BOS
Planning and Regulatory Strategies				
1. Adopt inclusionary zoning	X		*	PB
2. Encourage more flexible cluster zoning	X		*	PB
3. Adopt Housing Guidelines	X		*	PB/AHC/HP
4. Allow starter housing on nonconforming lots		X	*	PB
5. Modify accessory apartment bylaw	X		*	PB/AHC
6. Explore 40R/40S		X		PB/AHC/HT
Housing Production Strategies				
1. Make suitable public land available for affordable housing	X		32	BOS/AHC/HT
2. Support private development in line with local guidelines	X		17	AHC/HT
3. Convert existing housing to affordability		X	8	AHC/HT
Housing Preservation				
1. Help qualifying homeowners access housing assistance	X		*	HA/COA/WSSH

** Indicates actions for which units are counted under other specific housing production strategies, have an indirect impact on production, or do not add to the Subsidized Housing Inventory.*

****Abbreviations**

Board of Selectmen = BOS

Planning Board = PB
Affordable Housing Committee = AHC
Proposed Housing Trust = HT
Housing Authority = HA
Council on Aging = COA
Wenham Issues of Social Service & Housing Committee = WSSH

APPENDIX 2

Local and Regional Organizations

Wenham Housing Authority

The Wenham Housing Authority is a public housing agency that provides assistance to persons of very low income as defined by the state and federal government through a variety of housing programs. Although separate from Town government, four of the Authority's five-member governing board are elected by the Town and one is appointed by the state. The Housing Authority is relatively small in comparison to many other authorities in the state, with a current state-assisted housing portfolio of 92 total units, representing 80% of Wenham's Subsidized Housing Inventory. Most of these units are part of Enon Village that includes 84 one-bedroom units for the elderly and disabled off of Larch Row, built in 1976. The Housing Authority also owns and manages two houses on its Enon Village property for eight medically frail residents, staffed by the Department of Mental Retardation (DMR). While these developments were financed by the state, including some modernization funding for new windows and a septic system, the Wenham Housing Authority receives no operating funds from the state, using rental income to cover all of its expenses.

Wenham Community Preservation Committee

The Wenham Community Preservation Committee has been charged with the oversight of funds to be raised through Wenham's passage of the Community Preservation Act. In September of 2000 the Community Preservation Act was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match of up to 100%. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space and recreation, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case Town Meeting, how to spend the Community Preservation Fund.

In May 2005, the voters of Wenham adopted the CPA, approving a 3% surcharge on most property taxes paid by town residents. Wenham voters chose to exempt low-income residents and seniors from the CPA surcharge as well as the first \$100,000 of a property's value. Wenham's Community Preservation Committee is comprised of nine (9) members including representatives of the Planning Board, Historic Commission, Conservation Commission, Recreation Committee, Housing Authority, and four (4) "Members at Large" appointed by the Selectmen. The Town collects approximately \$200,000 in local funds, bringing the annual funding up to about \$400,000 with the state match. To date the only housing-related expenditure has been in support of the preparation of this Plan.

Wenham Issues of Social Service & Housing (WSSH) Committee

The Wenham Issues of Social Service & Housing (WSSH) Committee was established by the Board of Selectmen to assist the Selectmen in serving residents in need of temporary financial or social service assistance and to promote affordable housing. The WSSH Committee supports the following programs:

- *First-Time Homebuyer Mortgage Program* – WSSH receives annual funding from the North Shore HOME Consortium that can be used to subsidize mortgages for qualifying first-time homebuyers. The maximum loan amount may be up to 5% of the purchase price or \$6,500, whichever is less, and is issued in the form of a 0% deferred loan to be repaid in full when the home is sold, transferred and in some instances refinanced. Participants must have incomes at or below 80% of area median income and also participate in the state’s Soft Second Loan Program. Other requirements include a signed Purchase and Sale Agreement, an appraisal, and a letter from a lending institution indicating the applicant is pre-qualified for the Soft Second Loan Program. Following an inspection the house must also meet specified HUD Housing Quality Standards.
- *Local Initiative Program Support* – Coordinates the resale of affordable units at Parsons Hill upon turnover to insure that the deed restrictions are enforced. There are currently a handful of names on a list derived from a lottery of pre-qualified first-time homebuyers who are eligible for a unit at Parsons Hill if one becomes available. Nichole Hagstrom at Wenham Town Hall coordinates this lottery list.
- *Emergency Financial Assistance* – WSSH provides financial assistance to residents in cases of emergency. Last year there were 30 requests for such assistance, half asking for help in paying their utility bills. WSSH screens applicants to determine eligibility and maintains strict confidentiality. WSSH also raises private funds to help support this important local program.

Wenham Council on Aging

The Wenham Council on Aging is a Town department that supports the quality of life of Wenham elders through a wide variety of services including the operation of a Senior Center that offers social programs for seniors, an information and referral service on a wide range of issues, community-based services to promote independent, and in-home support services. The Council relies heavily on local volunteers to support its services.

The Council on Aging works with the Town on a program that abates taxes for low and moderate-income seniors in exchange for minor services to the Town, for example, volunteering at a school or library. The Council also operates a van service to those who need transportation, including those requiring wheelchair access. Such services are becoming increasingly important as the town’s population ages.

The Council on Aging has not received significant numbers of inquiries from area seniors or their grown children related to housing to date, however the Council remains interested in supporting opportunities for elders to remain in the community and expanding more affordable housing options.

Community Teamwork, Inc.

Community Teamwork, Inc. serves as the regional non-profit housing agency for northern Middlesex County and Essex County among other functions. As the regional housing agency it provides housing and community services to low and moderate-income individuals and families including rental assistance programs, elderly housing services, first-time homebuyer programs to support closing and down payment costs, housing advocacy, and support for the homeless. It also has created subsidiary organizations such as Common Ground Development Corporation and Community Housing, Inc. that develop affordable housing and can own and manage already developed properties, respectively. Their Home for Good Program also provides affordable housing marketing and lottery services for affordable housing development and serves as a monitoring agent to enforce affordable use restrictions.

North Shore HOME Consortium

Wenham is a member of the North Shore HOME Consortium, which was created in 1993 for the primary purpose of developing affordable housing. The North Shore HOME Consortium administers federal HOME Program funding to support a wide range of housing activities. The Consortium covers 28

communities that are geographically spread throughout the North Shore and Merrimack Valley, including Wenham, with more than \$2.2 million available per year. The North Shore HOME Consortium divides its annual allocation on a formula basis among the participating communities, and it also manages a competitive pool of approximately \$700,000 annually to be available to those localities that have encumbered all of their funding or for special initiatives. This competitive pool is available not only to participating municipalities but to nonprofit organizations and private developers as well.

Most of the funding has historically been spent in the more urban areas. The Consortium, based out of Peabody, convenes representatives from participating communities on a monthly basis and also holds monthly meetings of non-profit organizations that are involved in providing housing for the homeless as part of the Continuum of Care.

The Consortium allocates approximately \$8,300 annually to the Town of Wenham, which has been used for a number of initiatives including the First Time Home Buyer Program or rental assistance through the Wenham Issues of Social Service & Housing Committee (WISSH). The Town is able to bank up to two years of funding and then has to return it to the HOME Consortium or pass it along to an initiative in another community. In fact, Wenham did just that a couple of years, donating approximately \$16,000 of its HOME funding to a special project in Beverly to provide permanent supportive housing to those at risk of becoming homeless! The Town has already had conversations with the Consortium about the potential use of HOME funds to support the Habitat for Humanity homes as part of the Dearborn property.

Community Action, Inc.

Community Action, Inc. is the area's community action agency that was established to serve a wide range of education, housing, health and service needs of low-income and disadvantaged area residents. The organization is based in Haverhill but has expanded during the past three decades to include a number of cities and towns on the North Shore, including Wenham. Programs include fuel assistance, Head Start, WIC, education and training, and other services directed to area families. Housing-related services, including counseling and down payment and closing cost assistance for first time homebuyers as well as the administration of lotteries and development of small affordable housing projects.

North Shore Housing Trust (NSHT)

The North Shore Housing Trust (NSHT) is an outgrowth of the North Shore Affordable Housing Task Force that was formed by Wellspring House of Gloucester in 1998 to begin to address the issue of affordable housing on a regional basis. The Board includes ten individuals who represent many of the non-profit organizations and banks involved with affordable housing issues throughout the North Shore.

NSHT's goals are to become a regional force that can develop affordable housing in areas of the North Shore where local affordable housing development capacity is lacking and to provide itself and other organizations with both the financial and technical resources needed to make the development of affordable housing a reality. In general, NSHT hopes to be active on a number of fronts – being involved in the development of a project (either as a stand-alone developer or in conjunction with another non-profit), providing technical assistance to non-profits having limited development capacity, educating the public about affordable housing issues, advocating with public officials about methods of increasing the supply of affordable housing on the North Shore, and finally developing a regional affordable housing fund to provide monies for affordable housing development both to NSHT and other nonprofits in the area. NSHT has commenced work on its first several projects including a 10-unit project in Ipswich involving the conversion of a building to senior housing that the Salem Harbor CDC is serving as Project Manager for the Housing Trust. They are also developing a project in Gloucester and administering lotteries for affordable homeownership projects.

Essex County Community Foundation (ECCF)

The Essex County Community Foundation (ECCF) provides funding support to non-profit organizations serving the needs of residents in Essex County. The organization raises this funding from individuals and families who are searching for ways to donate to their communities, but until the Foundation was formed, had no means of doing so without establishing their own private foundation or moving their funds outside of the county. The Foundation works closely with donors to serve their charitable interests and manage funds that benefit specified organizations, defined purposes and provide scholarships.

ECCF supports many organizations and programs, and in relation to development has created the Essex County Forum (previously called the Environmental Stewardship Initiative) to build connections among area organizations and individuals for promoting long-term sustainable growth in Essex County and averting the negative impact of unplanned growth. The Essex County Forum offers educational and informational events and other outreach on smart growth issues.

Cape Ann Habitat for Humanity

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,100 affiliates worldwide.

The Cape Ann Habitat for Humanity serves eight communities, including Wenham, and is planning to build three new homes on the Dearborn property along Wenham Lake as part of an agreement reached between the Wenham Planning Board and Windover, the developers of The Boulders of Wenham “over 55” development off of Main Street. Windover is providing the Town with \$703,000 to acquire a 17.55 acre parcel, most of which will be preserved as open space, with three acres made available for the Habitat houses. In January, the Special Town Meeting authorized the Board of Selectmen to purchase the property and to negotiate with Habitat for Humanity on the transfer of three of the acres for the development of three new affordable homes. The Town hopes to develop a long-term relationship with Habitat to develop small infill or cluster developments as opportunities arise.

Cape Ann Habitat for Humanity has completed three homes to date in Ipswich and continues to look for contributions of land and other resources to build more affordable new homes. Homeowners typically earn between \$20,000 and \$40,000 and provide at least 500 hours of “sweat equity” to build their own homes and other families’ homes. The organization provides these families with a 25-year, no interest mortgage.

Merrimack Valley Planning Commission (MVPC)

The Merrimack Valley Planning Commission (MVPC) is the regional planning agency for a significant portion of the North Shore, based in Haverhill. The agency provides professional planning services to 15 communities, including Wenham, each community selecting a representative to serve on the Commission. Services are wide ranging related to transportation, the environment, economic development and Geographic Information Services (GIS).

APPENDIX 3

Glossary of Housing Terms

Affordable Housing

A subjective term, but as used in this Plan, refers to housing available to a household earning no more than 80% of area median income at a cost that is no more than 30% of total household income.

Area Median Income (AMI)

The estimated median income, adjusted for family size, by metropolitan area (or county in nonmetropolitan areas) that is adjusted by HUD annually and used as the basis of eligibility for most housing assistance programs. Sometimes referred to as “MFI” or median family income.

Chapter 40B

The state’s comprehensive permit law, enacted in 1969, which established an affordable housing goal of 10% for every community. In communities below the 10% goal, developers of low- and moderate-income housing can seek an expedited local review under the comprehensive permit process and can request a limited waiver of local zoning and other restrictions, which hamper construction of affordable housing. Developers can appeal to the state if their application is denied or approved with conditions that render it uneconomic, and the state can overturn the local decision if it finds it unreasonable in light of the need for affordable housing.

Chapter 44B

The Community Preservation Act Enabling Legislation that allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3% on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deeds’ fees.

Comprehensive Permit

Expedited permitting process for developers building affordable housing under Chapter 40B “anti-snob zoning” law. A comprehensive permit, rather than multiple individual permits from various local boards, is issued by the local zoning boards of appeals to qualifying developers.

Department of Housing and Community Development (DHCD)

The state’s lead agency for housing and community development programs and policy. It oversees state-funded public housing, administers rental assistance programs, provides funds for municipal assistance, and funds a variety of programs to stimulate the development of affordable housing.

Fair Housing Act

Federal legislation, first enacted in 1968, that provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. It prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, or familial status. There is also a Massachusetts Fair Housing Act, which extends the prohibition against discrimination to sexual orientation, marital status, ancestry, veteran status, children, and age. The state law also prohibits

discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

Inclusionary Zoning

A zoning ordinance or bylaw that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing.

Infill Development

The practice of building on vacant or undeveloped parcels in dense areas, especially urban and inner suburban neighborhoods. Promotes compact development, which in turn allows undeveloped land to remain open and green.

Local Initiative Program (LIP)

A state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the state Subsidized Housing Inventory (SHI). LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning less than 80% of area median income.

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

Metropolitan Statistical Area (MSA)

The term is also used for CMSAs (consolidated metropolitan statistical areas) and PMSAs (primary metropolitan statistical areas) that are geographic units used for defining urban areas that are based largely on commuting patterns. The federal Office of Management and Budget defines these areas for statistical purposes only, but many federal agencies use them for programmatic purposes, including allocating federal funds and determining program eligibility. HUD uses MSAs as its basis for setting income guidelines and fair market rents.

Mixed-Income Housing Development

Development that includes housing for various income levels.

Mixed-Use Development

Projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project.

Overlay Zoning

A zoning district, applied over one or more other districts that contains additional provisions for special features or conditions, such as historic buildings, affordable housing, or wetlands.

Public Housing Agency (PHA)

A public entity that operates housing programs: includes state housing agencies (including DHCD), housing finance agencies and local housing authorities. This is a HUD definition that is used to describe the entities that are permitted to receive funds or administer a wide range of HUD programs including public housing and Section 8 rental assistance.

Regional Non-profit Organizations

Regional non-profit organizations include nine private, non-profit housing agencies, which administer the Section 8 Program on a statewide basis, under contract with DHCD. Each agency serves a wide geographic region. Collectively, they cover the entire state and administer over 15,000 Section 8 vouchers. In addition to administering Section 8 subsidies, they administer state-funded rental assistance (MRVP) in communities without participating local housing authorities. They also develop affordable housing and run housing rehabilitation and weatherization programs, operate homeless shelters, run homeless prevention and first-time homebuyer programs, and offer technical assistance and training programs for communities. Community Teamwork, Inc. serves as Wenham's regional non-profit organization.

Regional Planning Agencies (RPAs)

These are public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. With the exception of the Cape Cod and Nantucket Commissions, however, which are land use regulatory agencies as well as planning agencies, the RPAs serve in an advisory capacity only. The Merrimack Valley Planning Commission serves as Wenham's regional planning agency.

Request for Proposals (RFP)

A process for soliciting applications for funding when funds are awarded competitively or soliciting proposals from developers as an alternative to lowest-bidder competitive bidding.

Section 8

Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program.

Smart Growth

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development – or sprawl – smart growth principles call for more efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

Subsidy

Typically refers to financial assistance that fills the gap between the costs of any affordable housing development and what the occupants can afford based on program eligibility requirements. Many times multiple subsidies from various funding sources are required, often referred to as the “layering” of subsidies, in order to make a project feasible. In the state's Local Initiative Program (LIP), DHCD's technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. Also, “internal subsidies” refers to those developments that do not have an external source(s) of funding for affordable housing, but use the value of the market units to “cross subsidize” the affordable ones.

Subsidized Housing Inventory (SHI)

This is the official list of units, by municipality, that count toward a community's 10% goal as prescribed by Chapter 40B comprehensive permit law.

U.S. Department of Housing and Urban Development (HUD)

The primary federal agency for regulating housing, including fair housing and housing finance. It is also the major federal funding source for affordable housing programs.

APPENDIX 4

Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

The Massachusetts Comprehensive Permit Law, Chapter 40B Sections 20-23 of the General Laws, was enacted as Chapter 774 of the Acts of 1969 to encourage the construction of affordable housing throughout the state, particularly outside of cities. Often referred to as the Anti-Snob Zoning Act, it requires all communities to use a streamlined review process through the local Zoning Board of Appeals for “comprehensive permits” submitted by developers for projects proposing zoning and other regulatory waivers and incorporating affordable housing for at least 25% of the units. Only one application is submitted to the ZBA instead of separate permit applications that are typically required by a number of local departments as part of the normal development process. Here the ZBA takes the lead and consults with the other relevant departments (e.g., building department, planning department, highway department, fire department, sanitation department, etc.) on a single application. The Conservation Commission retains jurisdiction under the Wetlands Protection Act and Department of Environmental Protection, the Building Inspector applies the state building code, and the Board of Health enforces Title V.

For a development to qualify under Chapter 40B, it must meet all of the following requirements:

- Must be part of a “subsidized” development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the U.S. Department of Housing and Urban Development.
- Affordability restrictions must be in effect in perpetuity unless there is a justification for a shorter term that must be approved by DHCD.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met³⁵:

- The community has met the “statutory minima” by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community’s land area includes

³⁵ Section 56.03 of the new Chapter 40B regulations.

affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community's land area.

- The community has made “recent progress” adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.
- The community has a one- or two-year exemption under Planned Production.
- The application is for a “large project” that equals at least 6% of all housing units in a community with less than 2,500 housing units.
- A “related application” for the site was filed, pending or withdrawn within 12 months of the application.

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA's decision to the state's Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.³⁶ Recently approved regulations add a new requirement that ZBA's provide early written notice (within 15 days of the opening of the local hearing) to the applicant and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

If the applicant appeals the use of these “appeals proof” grounds, DHCD will review materials from the ZBA and applicant and issue a decision within 30 days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA's position). Either the ZBA or applicant can appeal DHCD's decision by filing an interlocutory appeal with the Housing Appeals Committee (HAC) within 20 days of receiving DHCD's decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these “appeal-proof” grounds.

Recent changes to Chapter 40B also address when a community can count a unit as eligible for inclusion in the SHI including:

- *40R*
Units receiving zoning approval under 40R count when the permit or approval is filed with the municipal clerk provided that no appeals are filed or when the last appeal is fully resolved similarly to a regular comprehensive permit project.
- *Certificate of Occupancy*
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued within 18 months.
- *Large Phased Projects*

³⁶ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.

- *Projects with Expired Use Restrictions*
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined by the municipality. Wenham has defined this community preference as current residents, children and parents of residents, employees of the Town of Wenham and any of its departments or authorities, and employees of any business located within Town boundaries.

While there are ongoing discussions regarding how the state should count the affordable units for the purpose of determining whether a community has met the 10% goal, in a rental project if the subsidy applies to the entire project, all units are counted towards the state standard. For homeownership projects, only the units made affordable to those households earning within 80% of median income can be attributed to the affordable housing inventory.

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed 40B project/site from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing Partnership Fund. The subsidizing agency then forwards the application to the local Board of Selectmen for a 30-day comment period. The Board of Selectmen solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a project eligibility letter. Alternatively, a developer may approach the Board of Selectmen for their endorsement of the project, and the Selectmen can submit an application to DHCD for certification under the Local Initiative Program (for more information see description in Section I.E below).

Recent changes to 40B regulations expands the items a subsidizing agency must consider when determining site eligibility including:

- *Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.*
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief executive officer.

- Specifies that members of local boards can attend the site visit conducted during DHCD’s 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

If there are substantial changes to a project before the ZBA issues its decision, the subsidizing agency can defer the re-determination of site/project eligibility until the ZBA issues its decision unless the chief executive officer of the municipality or applicant requests otherwise. New 40B regulations provide greater detail on this re-determination process. Additionally, challenges to project eligibility determinations can only be made on the grounds that there has been a substantial change to the project that affects project eligibility requirements and leaves resolution of the challenge to the subsidizing agency.

The next stage in the comprehensive permit process is the application phase including pre-hearing activities such as adopting rules before the application is submitted, setting a reasonable filing fee, providing for technical “peer review” fees, establishing a process for selecting technical consultants, and setting forth minimum application submission requirements. Failure to open a public hearing within 30 days of filing an application can result in constructive approval. The public hearing is the most critical part of the whole application process. Here is the chance for the Zoning Board of Appeals’ consultants to analyze existing site conditions, advise the ZBA on the capacity of the site to handle the proposed type of development, and to recommend alternative development designs. Here is where the ZBA gets the advice of experts on unfamiliar matters – called peer review. Consistency of the project with local needs is the central principal in the review process.

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project “uneconomic”. The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local bylaws and regulations and to examine the feasibility of alternative designs.

New Chapter 40B regulations now add a number of requirements related to the hearing process that include:

- The hearing be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that there rules are consistent with Chapter 40B.
- Local boards cannot impose “unreasonable or unnecessary” time or cost burdens on an applicant and cannot require an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.

- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lacks minimum required qualifications.
- Specifies and limits the circumstances under which ZBA's can review pro formas.
- Zoning waivers are only required under "as of right" requirements, not from special permit requirements.
- Forbids ZBA's from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units than the minimum threshold required by DHCD guidelines.
- States that ZBA's cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or require a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

After the public hearing is closed, the ZBA must set-aside at least two sessions for deliberations within 40 days of the close of the hearing. These deliberations can result in either approval, approval with conditions, or denial.

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for insuring that profit limitations are enforced, while leaving the definition of "reasonable return" to the subsidizing agency in accordance with DHCD guidelines. The applicant or subsequent developer must submit a detailed financial statement, prepared by a certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the DHCD guidelines.

If the process heads into the third stage – the appeals process – the burden is on the ZBA to demonstrate that the denial is consistent with local needs, meaning the public health and safety and environmental concerns outweigh the regional need for housing. If a local ZBA denies the permit, a state Housing Appeals Committee (HAC) can overrule the local decision if less than 10% of the locality's year round housing stock has been subsidized for households earning less than 80% of median income, if the locality cannot demonstrate health and safety reasons for the denial that cannot be mitigated, or if the community has not met housing production goals based on an approved plan or other statutory minima listed above. The HAC has upheld the developer in the vast majority of the cases, but in most instances promotes negotiation and compromise between the developer and locality. In its 30-year history, only a handful of denials have been upheld on appeal. The HAC cannot issue a permit, but may only order the ZBA to issue one. Also, any aggrieved person, except the applicant, may appeal to the Superior Court or Land Court, but even for abutters, establishing "standing" in court is an uphill battle. Appeals from approvals are often filed to force a delay in commencing a project, but the appeal must demonstrate "legal error" in the decision of the ZBA or HAC.

B. Housing Production Regulations

As part of the Chapter 40B comprehensive permit regulations, the Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to do the following:

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (7 units and 13 units, respectively, for Wenham until the new census figures are available in 2011) for *approval* by DHCD.³⁷
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

For the plan to be acceptable to DHCD it must meet the following requirements:

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure based on future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
 - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
 - Identification of specific sites on which comprehensive permit applications will be encouraged.
 - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
 - Municipally owned parcels for which development proposals will be sought.
 - Participation in regional collaborations addressing housing development.

Plans must be adopted by the Board of Selectmen and Planning Board, and the term of an approved plan is five (5) years.

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.³⁸

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a

³⁷ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

³⁸ Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”³⁹ The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;
- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable;
- Promotes mixed-use and infill development;
- Provides two types of payments to municipalities; and
- Encourages open space and protects historic districts.

The incentives prescribed by the Task Force and passed by the Legislature include an incentive payment upon the passage of the Overlay District based on the number of projected housing units as follows:

Incentive Payments	
<i>Incentive Units</i>	Payments
Up to 20	\$10,000
21-100	\$75,000
101-200	\$200,000
210-500	\$350,000
501 or more	\$600,000

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”⁴⁰

The principal benefits of 40R include:

- Expands a community’s planning efforts;
- Allows communities to address housing needs;
- Allows communities to direct growth;
- Can help communities meet planned production goals and 10% threshold under Chapter 40B;
- Can help identify preferred locations for 40B developments; and
- State incentive payments.

The formal steps involved in creating Overlay Districts are as follows:

- The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;

³⁹ Massachusetts General Law, Chapter 40R, Section 11.

⁴⁰ “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

- The Town applies to DHCD prior to adopting the new zoning;
- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
- The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S will hold those communities participating in 40R harmless from costs added to school budgets as a result of the 40R-related development.

D. Local Initiative Program (LIP) Guidelines

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP include insuring that projects are consistent with sustainable or smart growth development principles as well as local housing needs. LIP recognizes that there is a critical need for all types of housing but encourages family and special needs housing in particular. Age-restricted housing (over 55) is allowed but the locality must demonstrate actual need and marketability. DHCD has the discretion to withhold approval of age-restricted housing if other such housing units within the community remain unbuilt or unsold or if the age-restricted units are unresponsive to the need for family housing within the context of other recent local housing efforts.

There are two types of LIP projects, those using the comprehensive permit process, the so-called “friendly” 40B’s, and Local Action Units, units where affordability is a result of some local action such as inclusionary zoning, Community Preservation funding, other regulatory requirements, etc.

Specific LIP requirements include the following by category:

Income and Assets

- Must be affordable to those earning at or below 80% of area median income adjusted by family size and annually by HUD. Applicants for affordable units must meet the program income limits in effect at the time they apply for the unit and must continue to meet income limits in effect when they actually purchase a unit.
- For homeownership units, the household may not have owned a home within the past three years except for age-restricted “over 55” housing.
- For homeownership projects, assets may not be greater than \$75,000 except for age-restricted housing where the net equity from the ownership of a previous house cannot be more than \$200,000.
- Income and asset limits determine eligibility for lottery participation.

Allowable Sales Prices and Rents⁴¹

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and paid by the tenant, the LIP rent is reduced based on the area's utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees⁴², private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the "as is" value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance, interest payments on acquisitions financing, etc.) can be no more than 20% of the "as is" market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.
- Appraisals are required except for small projects of 20 units or less at the request of the Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner's equity in the project. Owner's equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer's obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.

⁴¹ DHCD has an electronic mechanism for calculating maximum sales prices on its website at www.mass.gov/dhcd.

⁴² DHCD will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. DHCD must review the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

- No third party mortgages are allowed for homeownership units.

Marketing and Outreach

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.
- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined by the community.
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.
- Lottery must be held unless there are no more qualified applicants than units available.

Regulatory Requirements

- The affordable units design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Units developed through LIP as affordable must be undistinguishable from market units as viewed from the exterior (unless the project has a DHCD-approved alternative development plan that is only granted under exceptional circumstances) and contain complete living facilities.
- For over 55 projects, only one household member must be 55 or older.
- Household size relationship to unit size is based on “households” = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula as noted above).
- Must have deed restrictions in effect in perpetuity unless the applicant or municipality can justify a shorter term to DHCD.
- for at least 15 years for housing rehabilitation and 30 years for new construction.
- All affordable units for families must have at least two or more bedrooms and meet state sanitary codes and these minimum requirements –

1 bedroom – 700 square feet/1 bath
 2 bedrooms – 900 square feet/1 bath
 3 bedrooms – 1,200 square feet/ 1 ½ baths
 4 bedrooms – 1,400 square feet/2 baths

- Appraisals may take into account the probability of obtaining a variance, special permit or other zoning relief but must exclude any value relating to the possible issuance of a comprehensive permit.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is largely developer driven. It is based on the understanding that the developer and Town are working together on a project that meets community needs. Minimum requirements include:

1. Written support of the municipality’s chief elected official, the Board of Selectmen in the case of towns, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.
2. At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.
3. Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
4. Project sponsors must prepare and execute an affirmative fair marketing plan that must be approved by DHCD.
5. Developer’s profits are restricted per Chapter 40B requirements.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is as follows:

1. Application process
 - Developer meets with Town
 - Developer and Town agree to proposal
 - Town chief elected officer submits application to DHCD with developer’s input
2. DHCD review involves the consideration of:
 - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
 - Number and type of units,
 - Pricing of units to be affordable to households earning no more than 70% of area median income,
 - Affirmative marketing plan,
 - Financing, and
 - Site visit.
3. DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.
4. Zoning Board of Appeals holds hearing
 - Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
 - Developer forms a limited dividend corporation that limits profits.
 - The developer and Town sign a regulatory agreement.
5. Marketing
 - Marketing plan must provide outreach to area minority communities to notify them about availability of the unit(s).
 - Local preference is limited to those who live/work in the community with a maximum of 70% of the affordable units.
 - Marketing materials must be available/application process open for a period of at least 60 days.
 - Lottery must be held.

6. DHCD approval must include
- Marketing plan, lottery application, and lottery explanatory materials
 - Regulatory agreement (DHCD is a signatory)
 - Deed rider (Use standard LIP document)
 - Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

As mentioned above, in addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are created as a result of some local action. Following occupancy of the units, a Local Action Units application must be submitted to DHCD for the units to be counted as affordable. This application is on DHCD's web site.

The contact person at DHCD is Erin Bettez of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: erin.bettez@state.ma.us). For legal questions contact Elsa Campbell, Housing Specialist (phone: 617-573-1321; fax: 617-573-1330; email: elsa.Campbell@state.ma.us).

E. Commonwealth Capital⁴³

The state established Commonwealth Capital as a policy that encourages communities to implement smart growth by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs. Those municipalities with higher scores, will be in a more competitive position for receiving state discretionary funding, not just for housing, but for other purposes including infrastructure, transportation, environment, economic development, etc. The state's goal is to invest in projects that are consistent with Sustainable Development Principles that include:

1. Redevelop first;
2. Concentrate development;
3. Be fair;
4. Restore and enhance the environment;
5. Conserve natural resources;
6. Expand housing opportunities;
7. Provide transportation choice;
8. Increase job opportunities;
9. Foster sustainable businesses; and
10. Plan regionally.

Applications can be submitted at any time and will be valid for the programs listed above throughout the current fiscal year. Communities should submit applications prior to the deadline for any Commonwealth Capital program to which they are applying to ensure that their score will count. Applications should be submitted electronically, and each community is assigned its own login and password.

Programs which are affected by Commonwealth Capital include the following that are operated by the Executive Office of Administration and Finance (EOAF), Executive Office of Energy and Environmental Affairs (EOEEA), Executive Office of Housing and Economic Development (EOHED), Executive Office of Transportation and Public Works (EOTPW), Coastal Zone Management (CZM), Massachusetts Office of Business Development (MOBD), Massachusetts

⁴³ This program was created by the Romney administration and coordinated by the Office of Commonwealth Development. While OCD has been disbanded, applications are still being accepted

Office of Relocation and Expansion (MORE), and the Department of Housing and Community Development (DHCD):

- Public Works Economic Development Program (EOTPW)
- Bike and Pedestrian Program (EOTPW)*
- Transit Oriented Development Bond Program (EOTPW)
- Community Development Action Grant Program (EOHED and DHCD)
- State Revolving Fund (EOEEA and DEP)
- Urban Brownfields Assessment Program (EOEEA)*
- Urban Self-Help Program (EOEEA and DCS)
- Drinking Water Supply Protection Grant Program (EOEEA)
- Urban River Visions Program (EOEEA)*
- Coastal Pollutant Remediation Grant Program (EOEEA and CZM)
- Coastal Nonpoint Source Pollution Grant Program (EOEEA and CZM)
- Off-Street Parking Program (EOAF)
- Smart Growth Technical Assistance Program (for this program EOEEA will use inverse Commonwealth Capital scores. Unlike the other 13 programs, a primary goal of this program is to help communities with low scores improve.)

* Indicates programs that are eliminated in proposed program changes.

Draft changes to Commonwealth Capital add the following programs:

- Small Town Road Assistance Program (EOTPW)
- MA Opportunity Relocation and Expansion (MORE)
- Jobs Capital Program (MOBD)
- Water Transportation Capital Funding Program (EOTPW)
- Alternative Energy Property Program (EOEEA-DOER)

The application involves a maximum score of 140 points, including bonus points. The Commonwealth Capital score will account for 30% of the possible application points for any of the Commonwealth Capital programs. The other 70% points are related to the purpose of the particular program and the merits of the proposed project. Communities receive points for zoning, planning, housing, environmental, energy, transportation, and other measures that already exist as well as measures they commit to implement by the end of 2009 (for this year's application). Additionally, communities can receive bonus points for successfully implementing commitments made in their 2008 applications.

The major components of the proposed Commonwealth Capital application and corresponding total point allocations are provided below:

- Plan for and promote livable communities and plan regionally (19)
- Zone for and permit concentrated development and mixed use (26)
- Expand housing opportunities (21)
- Make efficient decisions and increase job and business opportunities (12)
- Protect land and ecosystems (21)
- Use natural resources wisely (7)
- Promote clean energy (9)
- Provide transportation choice (9)
- Advance equity (6)

- Promote sustainable development via other actions (10)
- Bonus points for every prior fiscal year commitment implemented

A greater number of points are granted for actions that are already in place but points are also issued for commitments that have not yet been implemented.

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Wenham are described below.⁴⁴

A. Technical Assistance

1. *Priority Development Fund*⁴⁵

A relatively new state-funded initiative, the Priority Development Fund, provides planning assistance to municipalities for housing production. In June 2004, DHCD began making \$3 million available through this Fund on a first-come, first-served basis to encourage the new production of housing, especially mixed-income rental housing. PDF assistance supports a broad range of activities to help communities produce housing. Applications must demonstrate the community's serious long-term commitment and willingness to increase its housing supply in ways that are consistent with the Commonwealth's principles of sustainable development.

Eligible activities include community initiated activities and implementation activities associated with the production of housing on specific sites. Community initiated activities include but are not limited to:

Zoning activities that support the program objectives include:

- Incentive zoning provisions to increase underlying housing density;
- Smart Growth Zoning Overlay Districts;
- Inter- and intra-municipal Transferable Development Rights proposals;
- Zoning that promotes compact housing and development such as by right multi-family housing, accessory apartment units, clustered development, and inclusionary zoning;
- Zoning provisions authorizing live-and-work units, housing units for seasonal employees, mixed assisted living facilities and the conversion of large single-family structures, vacant mills, industrial buildings, commercial space, a school or other similar facilities, into multi-family developments; and
- Other innovative zoning approaches developed by and for an individual community.

Education and outreach efforts that support the program objectives include:

- Establishment of a local or regional affordable housing trust;
- Development of a plan of action for housing activities that will be undertaken with Community Preservation Act funds; and
- Efforts to build local support (grass-root education) necessary to achieve consensus or approval of local zoning initiatives.

Implementation activities associated with the production of housing in site-specific areas include but are not limited to:

⁴⁴ Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts. Produced by the Citizen's Housing and Planning Association, June 1999.

⁴⁵ Description taken from the state's program description.

- Identification of properties, site evaluation, land assembly and financial feasibility analysis; and
- Development of a Request for Proposal (RFP) for the disposition of land.

The PDF assistance is not available to serve as a substitute for pre-development assessment of alternative development scenarios for parcels already controlled by an identified private developer or to supplant municipal funds to pay staff salaries.

Eligible applicants consist of cities and towns within the Commonwealth. Municipalities may enter into third party agreements with consultants approved by DHCD, however only a municipality will be allowed to enter into a contract with MassHousing regarding the distribution of funds. Municipalities will be responsible for attesting that all funds have been expended for their intended purposes.

Joint applications involving two or more communities within a region or with similar housing challenges are strongly encouraged as a way to leverage limited resources, however, one municipality will be required to serve as the lead.

MassHousing and DHCD reserve the right to screen applications and to coordinate requests from communities seeking similar services. For example, rural communities may be more effectively served by an application for a shared consultant who can work with numerous towns to address zoning challenges that enhance housing production. Likewise, it may be more effective to support an application for a consultant to review model zoning bylaws or overlay districts with a number of interested communities with follow-up at the community level to support grassroots education, than it is to support the separate development of numerous zoning bylaws. Communities submitting multiple applications must prioritize their applications.

In exchange for the assistance, municipalities must agree to share the end product of the funded activities with DHCD and MassHousing and with other communities in the Commonwealth through reports, meetings, workshops, and to highlight these activities in print, on the web or other media outlets.

The agencies will focus the evaluation of applications to determine overall consistency with program goals and the principles of sustainable development. Applications will be evaluated based on:

- Eligibility of activity;
- Public support;
- Demonstrated need for funds;
- Likelihood activity will result in production of housing;
- Reasonableness of the timeline;
- Readiness to proceed with proposed project;
- Capacity to undertake activity;
- Cost estimates and understanding of the proposed project cost;
- Proposed activity having clearly defined benefits that will result in the production of housing; and
- Benefits being realized within a 2-3 year-timeframe.

Applications for funding will be accepted and evaluated on a rolling review basis. In order to deploy this assistance as effectively and efficiently as possible, or in the event the planning funds are oversubscribed, communities that have relatively greater planning capacity and/or resources may be requested to provide some matching funds. Additional consideration and flexibility for the assistance will be made for communities with little or no planning staff capacity or resources.

Communities may apply to DHCD for assistance of up to \$50,000. The amount of funds awarded will be a reflection of the anticipated impact on housing production. DHCD and MassHousing reserve the right to designate proposals as “Initiatives of Exceptional Merit,” in order to increase the amount of assistance and scope of services for certain projects.

2. *Peer to Peer Technical Assistance*

This state program utilizes the expertise and experience of local officials from one community to provide assistance to officials in another comparable community to share skills and knowledge on short-term problem solving or technical assistance projects related to community development and capacity building. Funding is provided through the Community Development Block Grant Program and is limited to grants of no more than \$1,000, providing up to 30 hours of technical assistance.

Applications are accepted on a continuous basis, but funding is limited. To apply, a municipality must provide DHCD with a brief written description of the problem or issue, the technical assistance needed and documentation of a vote of the Board of Selectmen or letter from the Town Administrator supporting the request for a peer. Communities may propose a local official from another community to serve as the peer or ask DHCD for a referral. If DHCD approves the request and once the peer is recruited, DHCD will enter into a contract for services with the municipality. When the work is completed to the municipality’s satisfaction, the Town must prepare a final report, submit it to DHCD, and request reimbursement for the peer.

3. *MHP Intensive Community Support Team*

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information.

4. *MHP Chapter 40B Technical Assistance Program*

Working with DHCD, MHP launched this program in 1999 to provide technical assistance to those communities needing assistance in reviewing comprehensive permit applications. The Program offers up to \$10,000 in third-party technical assistance to enable communities to hire consultants to help them review Chapter 40B applications. Those communities that are interested in this initiative should contact the MHP Fund directly for more information.

MHP recently announced new guidelines to help cities and towns review housing development proposals under Chapter 40B including:

- State housing agencies will now appraise and establish the land value of 40B sites before issuing project eligibility letters.
- State will put standards in place for determining when permit conditions make a 40B development “uneconomic”.
- There will be set guidelines on determining related-party transactions, i.e., when a developer may also have a role as contractor or realtor.
- Advice on how to identify the most important issues early and communicate them to the developer, how informal work sessions can be effective, and how to make decisions that are unlikely to be overturned in court.

5. *Smart Growth Technical Assistance Grants*

The state recently announced the availability of *Smart Growth Technical Assistance Grants* from the Executive Office of Environmental Affairs that provides up to \$30,000 per community to implement smart growth zoning changes and other activities that will improve sustainable development practices and increase scores on the Commonwealth Capital application. Eligible activities include:

- Zoning changes that implement planning recommendations;
- Development of mixed-use zoning districts;
- Completion of Brownfields inventory or site planning;
- Implementation of stormwater BMPs;
- Completion of Open Space Residential Design bylaws/ordinances;
- Implementation of Low Impact Development (LID) bylaws/ordinances; and
- Development of a Right-to-Farm bylaw/ordinance or zoning protections for agricultural preservation.

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly. Preference will be given to applications that improve sustainable development practices, realize a commitment from a community's Commonwealth Capital application, and implement a specific Community Development or Master Plan action. Additional preference will be offered those communities with lower Commonwealth Capital scores to support towns that have the greatest need for improved land use practices. For FY 2006, applications were due in mid-August for projects that must be completed by June 30, 2006, but no applications were required in FY 2006 if one had been submitted previously. Nevertheless, communities are able to submit supplemental information that will likely help boost their scores and competitiveness for state discretionary resources.

B. Housing Development

While comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones, communities are finding that they also require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish their objectives and meet affordable housing goals. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income tenants can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

The state requires applicants to submit a One Stop Application for most of its housing subsidy programs in an effort to standardize the application process across agencies and programs. A Notice of Funding Availability (NOFA) is issued by the state usually twice annually for its rental programs and homeownership initiatives. Using the One Stop Application, applicants can apply to several programs simultaneously to support the funding needs of a particular project.

1. *HOME Program*

Wenham is part of the North Shore HOME Consortium and has access to HOME funding. HUD created the HOME Program in 1990 to provide grants to states, larger cities and consortia of smaller cities and towns to do the following:

- Produce rental housing;

- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;
- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homeowners.

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income and to rental units where at least 90% of the units must be affordable and occupied by households earning no more than 60% of median income, the balance to those earning within 80% of median. Moreover, for those rental projects with five or more units, at least 20% of the units must be reserved for households earning less than 50% of median income. In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Those communities that do not receive HOME or CDBG funds directly from HUD, like Wenham, can apply for up to \$65,000 per unit. Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the Soft Second Program.

2. *Community Development Block Grant Program (CDBG)*

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts.

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those nonentitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through Notices of Funding Availability with specific due dates or through applications reviewed on a rolling basis throughout the year, depending on the specific program. This funding supports a variety of specific programs.

The program that potentially has the greatest applicability in Wenham is the **Housing Development Support Program (HDSP)** that provides gap financing for small affordable housing projects with fewer than eight units, including both new construction and rehabilitation. Eligible activities include development, rehabilitation, homeownership, acquisition, site preparation and infrastructure work. There is a maximum of \$500,000 plus administrative costs but the program can go up to \$750,000 per project for somewhat larger developments of up to ten units that involve mixed-use or adaptive reuse projects. A majority of the units must be affordable. All state and federal grants cannot exceed 75% of total project costs with the exception of special needs projects where such grants can amount to 100% of total costs. Funding involves a two-step process: 1) a notice of intent that provides basic information on the project, and 2) the municipality may be invited to submit a full application. HDSP Program funding is extremely competitive, and projects that receive funding through the state HOME or Housing Stabilization Fund Programs are excluded from applying to HDSP.

There are other programs funded through the Community Development Block Grant Small Cities Program for both homeownership and rental projects. A number of the special initiatives are directed to communities with high “statistical community-wide needs”, however, the **Community Development**

Fund II is targeted to communities with lower needs scores that have not received CDBG funds in recent years. This may be the best source of CDBG funding for Wenham besides HDSP described above. Funding is also awarded competitively through an annual Notice of Funding Availability. DHCD also has a **Reserve Fund** for CDBG-eligible projects that did not receive funding from other CDBG funded programs or for innovative projects.

3. *Housing Stabilization Fund (HSF)*

The state's Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to other entities. The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties, the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per project is \$750,000 and the maximum per unit is \$65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and \$50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

4. *Low Income Housing Tax Credit Program*

The Low Income Housing Tax Credit Program was created in 1986 by the Federal Government to offer tax credits to investors in housing development projects that include some low-income units. The tax credit program is often the centerpiece program in any affordable rental project because it brings in valuable equity funds. Tax credits are either for 4% or 9% of the development or rehab costs for each affordable unit for a ten-year period. The 4% credits have a present value of 30% of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

The Federal Government limits the 9% credits and consequently there is some competition for them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

The Massachusetts Legislature has enacted a comparable state tax credit program, modeled after the federal tax credit program. The One Stop Application is also used to apply for this source of funding.

5. *Affordable Housing Trust Fund*

The Affordable Housing Trust Fund (AHTF) was established by an act of the State Legislature and is codified under Chapter 121-D of the Massachusetts General Laws. The AHTF operates out of DHCD and is administered by MassHousing with guidance provided by an Advisory Committee of housing advocates. The purpose of the fund is to support the creation/preservation of housing that is affordable to people with incomes that do not exceed 110% of the area median income. The AHTF can be used to

support the acquisition, development and/or preservation of affordable housing units. AHTF assistance can include:

- Deferred payment loans, low/no-interest amortizing loans.
- Down payment and closing cost assistance for first-time homebuyers.
- Credit enhancements and mortgage insurance guarantees.
- Matching funds for municipalities that sponsor affordable housing projects.
- Matching funds for employer-based housing and capital grants for public housing.

Funds can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. While the fund has the flexibility of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

6. *Housing Innovations Fund (HIF)*

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than \$500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

7. *Federal Home Loan Bank Board's Affordable Housing Program (AHP)*

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan Bank Board's Affordable Housing Program (AHP) that provides subsidies to projects targeted to households earning between 50% and 80% of median income, with up to \$300,000 available per project. This funding is directed to filling existing financial gaps in low- and moderate-income affordable housing projects. There are typically two competitive funding rounds per year for this program.

8. *MHP Permanent Rental Financing Program*

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from \$100,000 loans to amounts of \$2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median income or at least 50% of the units must be affordable to households earning less than 80% of median income. MHP also administers the Permanent Plus Program targeted to multi-family housing or SRO properties with five or more units where at least 20% of the units are affordable to households earning less than 50% of median income. The program combines MHP's permanent financing with a 0% deferred loan of up to \$40,000 per affordable unit up to a maximum of \$500,000 per project. No other subsidy funds are allowed in this program. The Bridge Financing Program offers bridge loans of up to eight years ranging from \$250,000 to \$5 million to projects involving Low Income Housing Tax Credits. Applicants should contact MHP directly to obtain additional information on the program and how to apply.

9. *OneSource Program*

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects, for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with producing affordable housing.

10. *Section 8 Rental Assistance*

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program as well as three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

11. *Massachusetts Preservation Projects Fund*

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to \$30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects range from \$7,500 to \$100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but future rounds are not authorized at this time.

12. *District Improvement Financing Program (DIF)*

The District Improvement Financing Program (DIF) is administered by the state's Office of Business Development to enable municipalities to finance public works and infrastructure by pledging future incremental taxes resulting from growth within a designated area to service financing obligations. This Program, in combination with others, can be helpful in developing or redeveloping target areas of a community, including the promotion of mixed-uses and smart growth. Municipalities submit a standard

application and follow a prescribed application process directed by the Office of Business Development in coordination with the Economic Assistance Coordinating Council.

13. *Urban Center Housing Tax Increment Financing Zone (UCH-TIF)*

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new state initiative designed to give cities and towns the ability to promote residential and commercial development in commercial centers through tax increment financing that provides a real estate tax exemption on all or part of the increased value (the “increment”) of the improved real estate. The development must be primarily residential and this program can be combined with grants and loans from other local, state and federal development programs. An important purpose of the program is to increase the amount of affordable housing for households earning at or below 80% of area median income and requires that 25% of new housing to be built in the zone be affordable, although the Department of Housing and Community Development may approve a lesser percentage where necessary to insure financial feasibility. In order to take advantage of the program, a municipality needs to adopt a detailed UCH-TIF Plan and submit it to DHCD for approval.

14. *Community Based Housing Program*

The Community Based Housing Program provides loans to nonprofit agencies for the development or redevelopment of integrated housing for people with disabilities in institutions or nursing facilities or at risk of institutionalization. The Program provides permanent, deferred payment loans for a term of 30 years, and CBH funds may cover up to 50% of a CHA unit’s Total Development Costs up to a maximum of \$750,000 per project.

C. Homebuyer Financing and Counseling

1. *Soft Second Loan Program*

The Massachusetts Housing Partnership Fund, in coordination with the state’s Department of Housing and Community Development, administers the Soft Second Loan Program to help first-time homebuyers purchase a home. The Program began in 1991 to help families earning up to 80% of median income qualify for a mortgage through a graduated-payment second mortgage and down payment assistance. Just recently the state announced that it had lent \$1 billion in these affordable mortgages. Participating lenders originate the mortgages which are actually split in two with a conventional first mortgage based on 77% of the purchase price, the soft second mortgage for typically about 20% of the purchase price (or \$20,000 if greater) and a requirement from the buyer of at least a 3% down payment. Borrowers do not need to purchase private mortgage insurance that would typically be required with such a low down payment, thus saving the buyer significant sums on a monthly basis. Program participants pay interest only on the soft second mortgage for the first ten years and some eligible buyers may qualify for an interest subsidy on the second mortgage as well. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage. Wenham is already a participating community in the Program.

2. *American Dream Downpayment Assistance Program*

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the Soft Second Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and closing costs of up to 5% of the purchase price to a maximum of \$10,000 can be made at no interest and with a five-year term, to be forgiven after five years. Another loan can be made through the program to cover deleading in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

3. *Homebuyer Counseling*

There are a number of programs, including the Soft Second Loan Program and MassHousing's Home Improvement Loan Program, as well as Chapter 40B homeownership projects, that require purchasers to attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important information on homeownership finance and requirements. The organizations that offer these workshops in closest proximity to Wenham include Community Teamwork and Community Action (see Appendix 2 for more information).

4. *Self Help Housing*

Self-Help programs involve sweat-equity by the homebuyer and volunteer labor of others to reduce construction costs. Some communities have donated building lots to Habitat for Humanity to construct affordable single housing units. Under the Habitat for Humanity program, homebuyers contribute between 300 and 500 hours of sweat equity while working with volunteers from the community to construct the home. The homeowner finances the home with a 20-year loan at 0% interest. As funds are paid back to Habitat for Humanity, they are used to fund future projects.

D. Home Improvement Financing

1. *MassHousing Home Improvement Loan Program (HLP)*

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of \$10,000 up to a maximum of \$50,000. Loan terms range from five to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are \$92,000 for households of one or two persons and \$104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

2. *Get the Lead Out Program*

MassHousing's Get the Lead Out Program offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to \$20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to \$25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are \$74,400 for one and two-person households and \$85,500 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from five to 20 years. Applicants must contact a local rehabilitation agency to apply for the loan.

3. *Septic Repair Program*

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.